



CLIENT-CENTRAL

Consolidated annual report 2016

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2016

Consolidated annual report

1. Consolidated annual report



CONSOLIDATED ANNUAL REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS 2016

The consolidated financial statements of the SNCB Group as of 31 December 2016 were prepared in accordance with "IFRS" (International Financial Reporting Standards) as adopted by the European Union and that had been published on that date, namely the standards published by the International Accounting Standards Board ("IASB") and the interpretations issued by the IFRIC (International Financial Reporting Interpretations Committee).

The explanations for the accounts with all information in accordance with the IFRS standards are included in the annex.

I. CONSOLIDATION SCOPE

The consolidation scope encompasses all the companies which make up the SNCB Group. They are included in the consolidated financial statements in accordance with the two techniques accepted by the IFRS standards, and according to whether the Group controls the company or not, specifically full consolidation and the equity method.

Evolution of the consolidation scope

	31/12/2013	31/12/2014	31/12/2015	31/12/2016
Parent company	1	1	1	1
Fully consolidated companies	33	21	15	12
Companies consolidated in accordance with the equity method	25	21	17	16
TOTAL	59	43	33	29

Financial year 2016 included:

- ❖ the takeover of Euro Immo Star by Eurostation, and of South Station and Foncière Rue de France by SNCB;
- ❖ a 50% participation in the company K EUR Development, a joint venture in Antwerp which was set up with equal shares by Kairos and Eurostation, and for which the

corporate objective pertains to all transactions and all studies regarding all goods and all property rights of whatever nature;

- ❖ the sale outside the Group of the companies LCT (Liège Container Terminal) and Albatros (company in the real estate sector), sales which generated a consolidated result of respectively €-0.5 million (compared to +0.6 in the SNCB statutory financial statements) and €+0.1 million (compared to 0 in the Eurostation statutory financial statements).

In addition, financial year 2016 was characterised by other events which had no impact on the consolidation scope, including:

- ❖ two capital increases in the company Belgian Mobility Card. The capital was increased from €61,500 to €1,604,227.50 and is represented by 52,217 shares. SNCB holds 18.6% of the shares and has 25% of the voting rights. The other shareholders, who each have 25% of the voting rights, are the SRWT, De Lijn and STIB;
- ❖ the liquidation of the company Raillink, a company under Dutch law, which was set up jointly with the other European railway operators, and in which SNCB held 10% of the capital.

II. CONSOLIDATED FINANCIAL STATEMENTS 2016

II.A. BALANCE SHEET

ASSETS

<i>in millions of €</i>	<u>31/12/2016</u>	<u>31/12/2015</u>	<u>Change</u>
<u>Fixed assets</u>	<u>9.692,5</u>	<u>9.720,9</u>	<u>-28,4</u>
Intangible assets	257,6	263,8	-6,2
Property, plant and equipment	6.928,0	6.931,3	-3,3
Investment property	406,0	448,0	-42,0
Investments accounted for using equity method	357,5	368,3	-10,8
Trade and other receivables	808,3	799,8	8,5
Derivative financial instruments	299,2	276,9	22,3
Other financial assets	635,9	632,8	3,1
<u>Fixed assets</u>	<u>2.082,4</u>	<u>2.125,6</u>	<u>-43,2</u>
Stocks	211,5	192,8	18,7
Trade and other receivables	1.533,1	1.423,0	110,1
Derivative financial instruments	0,2	39,4	-39,2
Other financial assets	31,5	53,0	-21,5
Tax assets on the current result			
Cash and cash equivalents	306,1	417,4	-111,3
			0,0
<u>Non-current assets held for sale</u>	<u>37,2</u>	<u>11,8</u>	<u>25,4</u>
TOTAL ASSETS	11.812,1	11.858,3	-46,2

The total consolidated assets of the SNCB Group as of 31 December 2016 represent an amount of €11,812.1 million, i.e., a difference of €-46.2 million (-0.4%) compared to the closing period in 2015. SNCB represents 95.5% of the total consolidated assets, and even 98.5% outside shareholdings in the companies accounted for using the equity method.

Fixed assets (€9,692.5 million) represent 82.1% of the total assets, namely:

- ❖ €7,591.6 million (78.3% of the fixed assets) with regards to *intangible assets, property, plant and equipment and investment property*, of which 99.4% come from the parent company. The investments made by SNCB in 2016 amount to €506.5 million, of which €223.8 million for the purchase and renovation of rolling stock, €103.6 million for the reception of passengers, and €120.5 million for the

construction and furnishing of workshops. These investments by the parent company were financed with capital grants, except €15.6 million which was financed with equity capital. On the other hand, annual amortisations and depreciation losses of SNCB assets amount to €556.4 million;

- ❖ €357.5 million (3.7% of fixed assets) regarding the share in equity of the *companies accounted for using the equity method*, companies over which SNCB exercises significant influence without controlling them, including THI Factory (€227.3 million), Eurofima (€105.9 million) and HR RAIL (€11.2 million). The difference with regards to the previous financial year (€-10.8 million) primarily arises from the transfer of assets (€-5.4 million) to the section "non-current assets held for sale" and from the payment of dividends (€-2.8 million);
- ❖ €1,743.4 million (18% of fixed assets) with regards to *trade and other receivables, derivative financial instruments and other financial assets*, including €655.1 million of State allowances, €571.1 million of investments in the context of debt management, and €299.2 million of financial hedging instruments.

Current assets (€2,082.4 million) represent 17.6% of total assets and consist inter alia of cash and cash equivalents (€306.1 million), receivables from the State (€536.1 million), paid guarantees in the context of derivative financial instruments (€326.8 million) and reclaimable taxes (€175.7 million). The decrease of €43.2 million from one financial year to another comes primarily from the parent company, and is the result inter alia of: €-69.5 million for investment of the liquid assets of the REN Fund, €-39.2 million for financial hedging instruments, €-21.5 million for investments in the context of debt management, and €+81.9 million for an increase of taxes to be collected.

The non-current assets held for sale (€37.2 million or 0.3% of total assets) increased by €25.4 million, including €5.4 million of participations initially accounted for using the equity method, and €23.3 million in property, plant and equipment situated in Ghent and Bruges.

LIABILITIES

<i>in millions of €</i>	<u>31/12/2016</u>	<u>31/12/2015</u>	<u>Change</u>
<u>Equity</u>	<u>-357,6</u>	<u>-86,9</u>	<u>-270,7</u>
<u>Non-current Liabilities</u>	<u>10.147,0</u>	<u>9.492,4</u>	<u>654,6</u>
Employee benefit obligations	333,4	304,2	29,2
Provisions	193,1	140,6	52,5
Financial debts	2.883,6	2.586,2	297,4
Derivative financial instruments	453,5	456,6	-3,1
Deferred Tax liabilities	0,0	0,0	0,0
Trade payables	9,5	16,0	-6,5
Grants	6.071,3	5.768,3	303,0
Other amounts payable	202,6	220,5	-17,9
<u>Current liabilities</u>	<u>2.022,7</u>	<u>2.452,8</u>	<u>-430,1</u>
Employee benefit obligations	121,2	150,7	-29,5
Provisions	89,5	86,1	3,4
Financial debts	648,9	961,0	-312,1
Derivative financial instruments	12,5	34,0	-21,5
Tax liabilities	3,6	0,9	2,7
Trade payables	396,3	387,7	8,6
Social debts	91,6	96,1	-4,5
Grants	366,4	336,6	29,8
Other amounts payable	292,7	399,7	-107,0
<u>Liabilities associated with non-current assets held for sale</u>	<u>0,0</u>	<u>0,0</u>	<u>0,0</u>
TOTAL LIABILITIES	11.812,1	11.858,3	-46,2

The **consolidated equity** is negative and amounts to €357.6 million. Compared with 2015, equity capital decreased by €270.7 million, which arises almost exclusively from the results of the financial year attributable to the SNCB Group.

Non-current and current liabilities amount to €12,169.7 million, i.e., + €224.5 million compared with the previous financial year. This difference can mainly be explained as follows:

- ❖ €+251.8 million for *SNCB*, including €+332.8 million of capital grants for the financing of intangible assets and property, plant and equipment, €-69.5 million of

reduction of debt towards the State in the context of the REN Fund, €+61.7 million of provisions, mainly for legal disputes, €-46.9 million of accrued expenses and deferred income related to rail traffic, and €-24.5 million financial hedging instruments;

- ❖ €-27.3 million for the *other companies of the Group*, primarily the sub-group Eurostation and Eurogare, including €-21.7 million of trade payables and €-5.9 million of provisions.

II.B. INCOME STATEMENT

<u>in millions of €</u>	<u>31/12/2016</u>	<u>31/12/2015</u>	<u>Change</u>
<u>Cash result</u>	<u>23,1</u>	<u>0,4</u>	<u>22,7</u>
SNCB	12,7	-4,1	16,8
Eurostation group	7,2	-2,3	9,5
Eurogare	0,5	6,9	-6,4
Other entities	2,7	-0,1	2,8
<u>Non-cash result</u>	<u>-292,3</u>	<u>167,5</u>	<u>-459,8</u>
SNCB	-297,1	186,6	-483,7
Eurostation group	8,2	-1,5	9,7
Eurogare	-0,3	-6,7	6,4
Other entities	-3,1	-10,9	7,8
<u>Share in results of companies accounted for using the equity method</u>	<u>-1,6</u>	<u>3,1</u>	<u>-4,7</u>
Cash	0,0	3,4	-3,4
Non-cash	-1,6	-0,3	-1,3
OVERALL RESULT	-270,8	171,0	-441,8

The **cash result** amounts to €+23.1 million, i.e., an improvement of €22.7 million, specifically:

- ❖ €+16.8 million for SNCB, compared to €21.2 million in the statutory financial statements, for which the difference results from the harmonisation of the mutual performances and from the omission, in the consolidated financial statements, of the received dividends from the companies included in the consolidation scope;
- ❖ €+9.5 million for the Eurostation Group, an increase which is the result of the Ziekenhuis Netwerk Antwerpen real estate transaction, partially offset by a rise in the tax charges;
- ❖ €-6.4 million for Eurogare, where the previous financial year was characterised by the closure of various projects;
- ❖ €+2.8 million for the other entities, including €+3.3 million for Transurb.

The evolution of the **non-cash result** (€-459.8 million) comes primarily from SNCB (€-483.7 million), including €-145.9 million depreciation losses on land, €-124.1 million realised gains in 2015 for the contributions in THI Factory, €-78.7 million net variation (additions - expenditure and withdrawals) of the provisions for disputes, and €-71.2 million as a result of the actuarial gains and losses pertaining to post-employment benefits.

For land which was the subject of a fair value measurement during the transition to IFRS on 1 January 2014, an impairment test was carried out, in accordance with IAS 36. During this test, the revalued carrying value has been compared with the market value, determined by the B-ST management on the basis of the comparable market values (and by an external expert for a major project, based on the residual value method), on 31 December 2016. According to the IAS 36, an impairment loss was recognized if the carrying value was higher than the fair value. These impairment losses were recognized in the result of 2016, given that they mainly relate to changes in accounting estimates in accordance with IAS 8 and IFRS 13.

The evolution of the **proportion in the result of the companies accounted for using the equity method** amounted to €-4.7 million, i.e., €-3.4 million of cash result, including €-2.2 million for B-Log and €-0.9 million for THI Factory, and €-1.3 million non-cash result pertaining to employee benefits and currency translation results (HR Rail and Eurofima).

II.C. ECONOMIC DEBT

Economic debt corresponds to:

- ❖ net financial debt, i.e.
 - debt contracted from financial institutions;
 - plus long lease debts;
 - minus financial investments and liquid assets and the Back to Back receivables from the State in the context of the debt takeover as per 1 January 2005;
- ❖ plus or minus the capital grants deposited by the State, for which the investments still need to be carried out;
- ❖ plus or minus the balance of trade receivables and debts, and the balance of the State allowances for the operating account;
- ❖ plus or minus the guarantees received or paid in the context of CSAs (Credit Support Annex);
- ❖ and plus or minus the co-financings, in other words the financial balance of the investments carried out by SNCB on behalf of other authorities.

<i>in millions of €</i>	31/12/2016	31/12/2015	Change
<u>Net financial debt</u>	<u>2.810,2</u>	<u>2.757,1</u>	<u>53,1</u>
Capital grants paid by the State for works still to be performed	296,0	194,8	101,2
Operating capital (amounts receivable/trades payable + State intervention for operation)	-203,5	-245,8	42,3
CSA guarantees	-284,5	-256,1	-28,4
Co-financing	-38,0	-14,6	-23,4
ECONOMIC DEBT	2.580,2	2.435,4	144,8

Significant events after balance sheet date

No significant element having an impact on the consolidated financial statements were identified after the balance sheet date of 31 December 2016.

Statement regarding circumstances which could have a significant influence on the development of the Group

The individual annual report published by the various companies of the SNCB Group justified for each of them the circumstances which could have a significant impact on their development.

In addition, it should be pointed out that a new management contract is currently being finalised with the State.

Pending these developments, the 2008-2012 management contract was extended, and provisional rules which apply as a management contract were laid down by the Royal Decree of 25 December 2016. This Royal Decree provisionally establishes the allowance which SNCB will receive, for the period 2016 to 2020, for its public service missions, both in terms of investments and operations. In addition, pursuant to the Royal Decree of 22 December 2016, subsidies were awarded to SNCB for the period 2016 to 2020 to offset the costs of specific projects, regarding the fight against terrorism and radicalisation.

Application of the exemption provided for in article 119 of the Companies' Code

Article 119 of the Company Code specifies the content of the annual report on the consolidated accounts. However, the last subparagraph of Article 119 states that: 'the annual report on the consolidated accounts may be combined with the report prepared in accordance with Article 96 to form a single report, provided that the required information relating to the consolidating company and the consolidated group is delivered separately.'

For matters other than those set out above, reference should be made to the annual report on the statutory annual accounts of SNCB (= consolidating company).

With regard, in particular, to the use of derivative financial instruments, reference should be made to the notes annexed to the annual financial report, including all statements and information required by IAS 39 and IFRS 7.

2. Consolidated financial statements - notes



Activities

Amongst all companies included in the consolidation of the SNCB Group, SNCB alone represents 95,49% of the assets at 31 December 2016 (95,36% at 31 December 2015) and -259.228.440,77 EUR (136.516.593,37 EUR) of the consolidated net result (Group share) on a total of -244.034.497,23 EUR (125.191.706,44 EUR) of the consolidated net result (Group share) at 31 December 2016 (31 December 2015).

The main activities of SNCB are activities of public services as described in the Royal Decree of 11 December 2013.

- The domestic transport of passengers with trains of normal service, as domestic destinations by high speed trains;
- Cross-border transport of passengers;
- The purchase, maintenance, management and financing the rolling material used for the tasks as mentioned above;
- Services that must be provided for the needs of the Nation;
- The acquisition, designing, construction, renovation, maintenance and management of the stations, the unmanned stops and its appurtenances;
- The preservation of the historical heritage concerning rail operations;
- Security and surveillance tasks in the field of railways;
- Other public services demanded by or mandatory by law.

Legal status

SNCB SA is a public limited company whose head office is located Rue de France 56, 1060 Brussels. It is registered under the company number 0203.430.576. The last amendments to its statutes were published in the Belgian Official Journal, dated 4 June 2015.

Financial statements

The consolidated financial statements as at 31 December 2016, prepared in accordance with IFRS standards, have been approved by the Management Board of SNCB on 28 April

2017. All figures in this document are expressed in euros (EUR), except if specifically indicated.

Management Board

The Management Board of SNCB is composed as follows:

Fontinoy Jean-Claude	President of the Board
Cornu Jo	Managing Director until 6 March 2017
Dutordoir Sophie	Managing Director since 7 March 2017
Boelaert Filip	Board member since 1 January 2017
Bruyninckx Eddy	Board member until 31 December 2016
Cloquet Jean-Jacques	Board member
Delwart Valentine	Board member
Descheemaecker Marc	Board member since 1 January 2017
Durez Martine	Board member since 1 January 2017
Goldstein Yves	Board member since 1 January 2017
Lauwers Kris	Board member
Leburton Valérie	Board member
Lorand Renaud	Board member
Schatteman Saskia	Board member
Sterckx Dirk	Board member
Van Camp Bart	Board member since 1 January 2017

Auditors

Auditors of SNCB are:

Grant Thornton Bedrijfsrevisoren CVBA represented by Ria Verheyen

Mazars Réviseurs d'entreprises SCRL represented by Philippe Gossart

I. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

		31/12/2016	31/12/2015
	Notes		
Non-current assets			
Intangible assets	5	257.587.228,27	263.776.464,16
Property, plant and equipment	6	6.927.992.755,33	6.931.336.556,47
<i>A. Land</i>		784.275.098,96	895.281.208,82
<i>B. Buildings</i>		928.028.822,92	773.957.454,47
<i>C. Railway infrastructure</i>		54.610.386,65	45.812.141,39
<i>D. Railway rolling stock</i>		3.883.368.532,07	4.034.780.569,91
<i>E. Plant and various equipment</i>		202.909.401,71	194.230.110,12
<i>F. Tangible fixed assets under construction</i>		1.074.800.513,02	987.275.071,76
Investment property	7	406.035.734,62	448.021.555,38
Interests under equity method	8	357.499.219,55	368.316.030,60
Trade and other receivables	9	808.240.947,87	799.755.048,28
Derivatives	11	299.242.346,03	276.915.944,49
Other financial assets	12	635.870.667,80	632.774.360,44
Subtotal of non-current assets		9.692.468.899,47	9.720.895.959,82
Current assets			
Inventories	13	211.494.619,12	192.768.945,46
Trade and other receivables	9	1.533.144.576,94	1.422.962.935,45
Derivatives	11	196.419,58	39.405.719,19
Other financial assets	12	31.511.611,39	53.003.165,53
Cash and cash equivalents	14	306.101.935,80	417.458.342,68
Subtotal of current assets		2.082.449.162,83	2.125.599.108,31
Non-current assets held for sale			
Non-current assets held for sale	15	37.193.944,99	11.834.472,37
TOTAL ASSETS		11.812.112.007,29	11.858.329.540,50

Equity and liabilities

		31/12/2016	31/12/2015
	<u>Notes</u>		
Equity			
Share capital	17	249.022.345,57	249.022.345,57
Consolidated reserves	18	-609.636.846,55	-338.875.015,19
Group equity		-360.614.500,98	-89.852.669,62
Non-controlling interests		2.981.209,00	2.902.785,96
Total equity		-357.633.291,98	-86.949.883,66
Non-current liabilities			
Employee benefit obligations	19	333.396.607,70	304.200.221,55
Provisions	20	193.122.983,08	140.632.865,99
Financial liabilities	21	2.883.612.760,64	2.586.178.042,22
Derivatives	11	453.524.953,00	456.579.639,07
Deferred tax liabilities	22	24.486,80	27.914,79
Trade and other payables	23	9.468.192,12	15.972.922,56
Grants	25	6.071.274.437,10	5.768.300.516,58
Other amounts payable	26	202.572.813,80	220.472.652,76
Subtotal of non-current liabilities		10.146.997.234,24	9.492.364.775,52
Current liabilities			
Employee benefit obligations	19	121.212.802,15	150.729.038,15
Provisions	20	89.474.684,18	86.146.786,18
Financial liabilities	21	648.922.526,39	961.036.581,81
Derivatives	11	12.573.763,49	34.039.570,89
Current tax payables	22	3.638.350,26	857.796,05
Trade and other payables	23	396.279.329,49	387.712.315,91
Social debts	24	91.579.783,49	96.139.641,84
Grants	25	366.382.853,76	336.554.072,79
Other amounts payable	26	292.683.971,82	399.698.845,02
Subtotal of current liabilities		2.022.748.065,03	2.452.914.648,64
Liabilities associated with non-current assets held for sale			
Liabilities associated with non-current assets held for sale	15	0,00	0,00
Total liabilities		12.169.745.299,27	11.945.279.424,16
TOTAL EQUITY AND LIABILITIES		11.812.112.007,29	11.858.329.540,50

II. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		31/12/2016	31/12/2015
	<u>Notes</u>		
CONTINUING OPERATIONS			
Operating income before investment grants			
Turnover	27	1.128.715.837,58	1.206.969.883,32
Operating grants	25	1.130.465.684,75	1.133.441.161,34
Internally generated fixed assets		232.441.493,89	239.768.299,44
Other operating income	27	86.142.699,18	208.737.750,85
Total of operating income before investment grants		2.577.765.715,40	2.788.917.094,95
Operating expenses before depreciation and impairment			
Purchase of raw materials and goods for resale		-85.702.049,17	-89.893.316,48
Services and other goods	27	-1.298.377.548,99	-1.259.529.065,68
Employee benefit expenses	28	-1.128.740.527,77	-1.232.699.172,58
Other operating expenses	27	-49.717.414,56	-12.136.842,83
Total of operating expenses before depreciation and impairment		-2.562.537.540,49	-2.594.258.397,57
Operating result before investment grants, depreciation and impairment		15.228.174,91	194.658.697,38
Investment grants	25	351.168.349,10	350.364.446,40
Depreciation and impairment		-558.982.229,15	-404.964.261,91
Operating result		-192.585.705,14	140.058.881,87
Financial income	29	93.505.550,64	124.038.927,24
Financial expenses	29	-139.349.810,82	-146.387.055,50
Net financial result		-45.844.260,18	-22.348.128,26
Share of net result of entities accounted for using the equity method		-19.059,78	3.449.048,36
Net result from continuing operations before tax		-238.449.025,10	121.159.801,97
Income taxes		-5.495.600,11	-1.393.014,60
Net result from continuing operations		-243.944.625,21	119.766.787,37
DISCONTINUED OPERATIONS			
Net result for the year from discontinued operations	16	0,00	5.472.022,04
NET RESULT FOR THE YEAR		-243.944.625,21	125.238.809,41
Other comprehensive income for the year :			
That will not be reclassified subsequently to profit or loss			
Actuarial gains and losses	19	-25.174.662,86	45.998.995,50
Share of other comprehensive income of entities accounted for using the equity method		-1.321.574,31	1.049.137,73
Subtotal of other comprehensive income for the year that will not be reclassified subsequently to profit or loss		-26.496.237,17	47.048.133,23
That will be reclassified subsequently to profit or loss when specific conditions are met			
Share of other comprehensive income of entities accounted for using the equity method		-224.561,91	-1.321.397,00
Subtotal of other comprehensive income for the year that will be reclassified subsequently to profit or loss when specific conditions are met		-224.561,91	-1.321.397,00
Total other comprehensive income for the year		-26.720.799,08	45.726.736,24
TOTAL COMPREHENSIVE INCOME		-270.665.424,29	170.965.545,64
		31/12/2016	31/12/2015
Net result for the year attributable to			
Shareholders of the Group		-244.034.497,23	125.191.706,44
Non-controlling interests		89.872,01	47.102,96
		-243.944.625,21	125.238.809,41
Total comprehensive income attributable to			
Shareholders of the Group		-270.755.296,31	170.918.442,68
Non-controlling interests		89.872,01	47.102,96
		-270.665.424,29	170.965.545,64

III. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the shareholders of the Group				Total equity
	Share Capital	Consolidated reserves	Total	Non-controlling interests	
Notes					
At 1 January 2015	249.022.345,57	-514.948.967,72	-265.926.622,15	3.808.208,92	-262.118.413,23
Net income in 2015		125.191.706,44	125.191.706,44	47.102,96	125.238.809,40
Other comprehensive income 2015		45.726.736,24	45.726.736,24	0,00	45.726.736,24
Dividend paid to non-controlling interests		0,00	0,00	-14.287,50	-14.287,50
Other variations of equity		5.155.509,87	5.155.509,87	-938.238,42	4.217.271,45
At 31 December 2015	17 & 18 249.022.345,57	-338.875.015,19	-89.852.669,62	2.902.785,96	-86.949.883,66
At 1 January 2016	249.022.345,57	-338.875.015,19	-89.852.669,62	2.902.785,96	-86.949.883,66
Net income in 2016		-244.034.497,23	-244.034.497,23	89.872,01	-243.944.625,22
Other comprehensive income 2016		-26.720.799,08	-26.720.799,08	0,00	-26.720.799,08
Dividend paid to non-controlling interests				-11.287,50	-11.287,50
Other variations of equity		-6.533,80	-6.533,80	-162,09	-6.695,89
Rounding		-1,25	-1,25	0,62	-0,63
At 31 December 2016	17 & 18 249.022.345,57	-609.636.846,55	-360.614.500,98	2.981.209,00	-357.633.291,98

The other variations of the equity in 2016 of -6.533,80 EUR include Liège Container Terminal, company accounted for under the equity method, sold outside the Group, leaving of the consolidation scope. The dividends paid to non-controlling interests are dividends paid by Eurostar.

In 2015, other variations in equity of 5.155.509,85 EUR contained 5.154.399,24 EUR of recognition according to the equity method on a consolidated basis of HR-Rail which has been valued according to the equity method on individual basis in 2014.

IV. CONSOLIDATED STATEMENT OF CASH FLOWS

	31/12/2016	31/12/2015
CASH FLOW FROM OPERATING ACTIVITIES		
Net result of the period	-243.944.625,22	125.238.809,40
Adjustments for		
Depreciation and impairment on property, plant and equipment, intangible assets, investment property and non-current assets held for sale	567.716.420,01	403.498.914,04
Write-down on inventories, impairment losses on trade and other receivables	31.327.417,26	4.944.150,81
(Gains) / Losses on disposal of trade and other receivables	-1.396.294,52	1.166,00
Changes in fair value of financial derivatives	-6.962.484,86	-38.153.282,83
Changes in fair value of and impairment losses on other financial assets and financial liabilities	4.925.578,36	-1.464.162,60
(Gains) / losses on disposal of property, plant and equipment, intangible assets, investment property and non-current assets held for sale	-16.768.659,35	-5.222.399,35
(Gains) on contribution of business (THI Factory)	-3.420.000,00	-156.624.210,22
(Gains) / losses on disposal of financial assets	0,00	0,00
(Gains) / losses on disposal of subsidiaries and interests under equity method	496.298,18	0,00
Fees on cross-border arrangements recognised in net result	-7.146.417,48	-10.318.106,95
Provisions	55.818.015,09	-33.289.410,42
Employee benefits	-25.494.512,71	22.722.092,95
Investment grants recognised in net result	-351.168.349,10	-350.364.446,40
Net of interest income and expenses	40.339.358,64	44.922.188,95
Share of net result of entities accounted for using the equity method	19.059,76	-3.449.048,36
Income taxes	5.495.600,11	1.393.014,60
Translation differences	44.883,57	491.153,23
Gross cash from operating activities	49.881.287,74	4.326.422,85
Change in net working capital		
Inventories	-31.543.560,71	-11.066.651,26
Trade and other receivables	-87.301.720,32	74.246.166,77
Trade and payables, social debts and other amounts payable	-120.293.652,88	-224.655.676,28
	-239.138.933,91	-161.476.160,77
Cash generated from operating activities before taxes	-189.257.646,17	-157.149.737,92
Taxes paid	-2.718.473,89	-1.247.379,09
NET CASH FROM OPERATING ACTIVITIES	-191.976.120,06	-158.397.117,01

	31/12/2016	31/12/2015
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment, intangible assets and investment property	-528.403.782,21	-717.810.050,19
Acquisition of financial assets	-25.907.526,80	-52.233.608,17
Acquisition de participations mises en équivalence	-528.385,43	
Investment grants received	617.912.358,06	632.890.445,93
Proceeds from disposal of property, plant and equipment and intangible assets, investment property and non-current assets held for sale	32.078.519,13	27.001.691,96
Proceeds from the contribution of business	0,00	32.500.000,00
Proceeds from disposal of other financial assets	53.862.598,46	383.690.424,63
Proceeds from disposal of subsidiaries and interests under equity method	1.094.005,71	0,00
Interest received	62.560.811,22	61.153.756,50
Dividends received	5.748.933,14	2.046.052,06
NET CASH FROM INVESTING ACTIVITIES	218.417.531,28	369.238.712,72
CASH FLOW FROM FINANCING ACTIVITIES		
Increase financial liabilities	269.220.571,06	407.488.691,20
Redemption of financial liabilities	-278.190.430,96	-558.406.299,76
Redemption / net payment of financial derivatives	-19.708.785,43	17.514.729,63
Interests paid	-109.107.885,27	-107.541.758,66
Dividends paid	-11.287,50	-14.287,50
NET CASH FROM FINANCING ACTIVITIES	-137.797.818,10	-240.958.925,09
(DECREASE) / INCREASE IN CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS	-111.356.406,88	-30.117.329,38
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE BEGINNING OF THE YEAR (note 14)	417.458.342,68	447.575.672,06
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR (note 14)	306.101.935,80	417.458.342,68

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Note 1 – Summary of the significant valuation rules

1.1 Basis for preparation and statement of compliance with IFRS

The consolidated financial statements of the SNCB Group as per 31 December 2016 have been prepared in accordance with "IFRS" (International Financial Reporting Standards) as adopted by the European Union and that have been published at that date, namely the standards published by the International Accounting Standards Board ("IASB") and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

These financial statements are prepared based on the principle of the valuation:

- at fair value of certain financial assets and liabilities: financial derivatives, financial assets available for sale, financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss;
- on their present value of certain elements of patrimony based: liabilities and receivables in excess of one year accompanied by a zero interest rate or an abnormally low interest rate as well as non-current provisions. The discount rates used are the IRS according to the duration concerned, except for liabilities related to IAS 19 where discount rates are determined by reference to market yields at the reporting date based on corporate bonds of the first category, and according to their duration;
- at their historical cost of other balance sheet items except for certain revaluations of some intangible assets and investment property for which the SNCB Group has opted for the application of valuation at fair value at the moment of transition to IFRS (1 January 2014) and the use of this fair value as deemed cost at the date of transition (mainly land).

The following new standards, amendments and interpretations are adopted mandatory for the first time in the fiscal year starting at 1 January 2016.

- Standards and amendments used in the SNCB Group:
 - Amendments to IAS 1 'Presentation of financial statements' to clarify the application of the notion materiality and the recommendation to apply professional judgement in determining what information to disclose in their financial statements.

- Amendments to IFRS 11 'Joint arrangements' providing guidance on how to recognise the acquisition of an interest in a joint operation that constitutes a business;
- Standards not yet used in the SNCB Group:
 - Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets' on the clarification of the appropriate depreciation methods. It has been clarified that the use of revenue-based methods to calculate the depreciation of an asset, used for a certain activity, is not appropriate (this means a depreciation cost based on the intended use or production of the asset). In IAS 38 it is clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset;
 - Amendments to IAS 16 'Property, plant and equipment' and IAS 41 'Agriculture: bearer plants'. These assets should be accounted for in the same way as property, plant and equipment;
 - Amendments to IAS 27 'Separate financial statements';
 - Amendments to IFRS 10 'Consolidated financial statements', IFRS 12 'disclosure of interests in other entities' and IAS 28 'Investments in associates and joint ventures' that clarify the application of the consolidation exception for investment entities and their subsidiaries;
 - Annual improvements of IFRS standards (cycle 2010-2012) that makes minor changes to certain standards of which IFRS 2 'Share-based payments', IFRS 3 'Business Combinations', IFRS 8 'Operation segments', IFRS 13 'Fair value measurement' and resulting changes to certain standards;
 - Annual improvements of IFRS standards (cycle 2012 – 2014) that makes minor changes to 4 standards: IFRS 5 'Non-current assets held for sale and discontinued operations' (regarding methods of disposal), IAS 19 'Employee benefits' (regarding discount rates), IFRS 7 'Financial instruments: Disclosures' (regarding servicing contracts) and IAS 34 'Interim financial reporting';
 - Amendments to IAS 19 'Employee benefits'. These amendments do not apply to the SNCB Group;
 - Amendments to IFRS 14 'Regulatory deferral accounts' allow entities who are first-time adopters of IFRS to apply their previous accounting policies to account for price regulations. These amendments have not yet been approved by the European Union.

The following standards and amendments to standards as published by the IASB and approved by the European Union are not yet mandatory for the fiscal year starting at 1 January 2016. The analysis of the potential impact on the accounts of the SNCB Group is currently being calculated:

- IFRS 9 'Financial instruments'. This standard addresses the classification, measurement and derecognition of financial assets and financial liabilities just like general hedge accounting. The application date is planned for 1 January 2018;
- IFRS 15 'Revenue from contracts with customers' that allows improvements in the financial statements of revenue and the application will be required from 1 January 2018 on.

The analysis of the potential impact on the accounts of the SNCB Group is currently being calculated for the following standards, amendments to standards and interpretations, which are published by the IAS but not yet approved by the European Union on 31 December 2016. They are not yet mandatory for the fiscal year starting at 1 January 2016:

- IFRS 16 'Leases'. This standard replaces the current standard IAS 17 and introduces far reaching changes in accounting by lessees. This standard treats the recognition, valuation and disclosures of leases. It includes a unique accounting model for the lessee. For lessors, the accounting stays almost the same;
- Amendments to IAS 12 'Income taxes' on recognition of deferred tax assets for unrealised losses and the accounting for deferred tax assets related to debt instruments measured at fair value;
- Amendments to IAS 7 'Statement of cash flow' introducing an additional disclosure related to changes in liabilities arising from financing activities;
- Amendments to IAS 15 'Revenue from contracts with customers' comprising clarification guidance and more illustrative examples;
- Amendments to IAS 40 'Investment property' relating to transfers of investment property. They clarify that to transfer to (or from) the category 'investments properties' there must be an indication of change in use. This change must be supported by evidence;
- Interpretation IFRIC 22 'Foreign currency transactions and advance consideration' that clarifies the accounting in case of single or multiple advanced payment or receipt;
- Annual improvements of IFRS standards 2014-2016 with minor changes for 3 standards: IFRS 1 'First-time adoption of IFRS', IFRS 12 'Disclosure of interests in other entities' and IAS 28 'Investments in associates and joint ventures'.

- Amendments to IFRS 2 'Share-based payments' that clarifies the accounting of share-based payments.

The equity of the SNCB Group at 31 December 2016 amounts to -357.633.291,98 EUR. The consolidated financial statements have been established based on the assumption of going concern of the main activities of the SNCB Group. The SNCB Group disposes of the possibility to make use of a guarantee of the Belgian State of maximum 1.138 Million EUR (the SNCB Group did not use this State guarantee and has currently no intention to use to this guarantee). We note that the investment grants (6.437.657.290,86 EUR at 31 December 2015), that cover almost all of the investments of the SNCB Group, are recorded as liabilities according to IFRS.

1.2 Consolidation

1.2.1 Subsidiaries

The assets, liabilities, rights and obligations, income and expenditure of the SNCB and the subsidiaries over which they exercise control are included in the consolidated financial statements according to the full consolidation method. Control is the power to manage the financial and operational policies of an entity so as to derive benefits from its operations. This control is deemed to exist where the SNCB Group holds more than half of the voting rights, but this presumption can be rebutted if there is material evidence to the contrary. In determining whether or not there is control, the existence of potential voting rights that can be exercised or that are immediately convertible are considered. The aspect "controlling" has been judged according to IFRS 10.

A subsidiary is consolidated from the acquisition date, i.e. the date on which control is transferred to the acquiring party. From that time, the parent company (the acquirer) includes total comprehensive income of the subsidiary in the total consolidated comprehensive income and includes the assets, liabilities and contingent liabilities acquired at fair value, including any goodwill resulting from the acquisition, in the consolidated statement of financial position. A subsidiary ceases to be consolidated from the time at which the SNCB Group ceases to hold control.

'Common control' transactions are treated according to the 'predecessor' accounting method.

For consolidation purposes, intra-group balances and transactions require to be fully eliminated. Non-realised intra-group profits and losses are adjusted.

The consolidated financial statements are prepared using uniform accounting principles for transactions and other, similar events within the SNCB Group.

1.2.2 Jointly controlled entities and associates

Entities over which the SNCB Group exercises joint control together with one or more parties pursuant to a contractual arrangement with those parties, as well as associate holdings over which the SNCB Group exercises significant influence without exercising control, are accounted for under the equity method.

1.2.3 Goodwill and negative consolidation differences

In the event that an entity is acquired, the difference on the acquisition date between the cost of the interest and the fair value of the identifiable acquired assets, liabilities and contingent liabilities is recorded as goodwill under assets (where the difference is positive) or immediately recorded in net result (where the difference is negative).

Goodwill is not depreciated but is subject to an annual impairment test.

1.2.4 Conversion of the financial statements of subsidiaries prepared in a foreign currency

All monetary and non-monetary assets and liabilities are converted in the consolidated financial statements using the closing rate method. Income and expenditure are converted using the average rate over the period under consideration. Translation differences are recognised in other comprehensive income.

1.2.5 Non-controlling interests

Non-controlling interests represent the part of results and net assets that are not held by the SNCB Group and presented separately in the consolidated financial statements as part of equity, in a separate section than the equity directly attributable to the SNCB Group. The aspect "controlling" has been judged according to IFRS 10.

The SNCB Group treats transactions with non-controlling shareholders as transactions with equity owners of the SNCB Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

1.3 Foreign currency transactions

The financial statements of each entity of the SNCB Group are presented in the currency of the economic environment in which the entity is performing its activities (the operating currency). The consolidated financial statements of the SNCB Group are expressed in the operating currency of the parent companies, being Euro, which is the presentation currency of the consolidated financial statements.

Transactions in foreign currencies are recorded in the operating currency of the entities, using the exchange rates at the time of the transaction. Exchange gains and losses from the settlement of such operations and from the conversion of monetary assets and liabilities denominated in foreign currency at the foreign exchange rate at the closing date are included in net result.

1.4 Intangible assets

An intangible asset is recorded in the statement of financial position when the following conditions are met:

1. the asset is identifiable, i.e. either it can be separated (if it can be individually sold, transferred or rented) or it results from contractual or legal rights;
2. it is probable that the asset will generate economic benefits for the SNCB Group;
3. the SNCB Group has control over the asset;
4. the cost of the asset can be measured reliably.

Intangible assets are measured according to the cost model, i.e. at the initial cost price less any accumulated depreciation and any accumulated impairment losses.

The initial cost of intangible assets:

- that **are acquired separately** includes costs directly attributable to the transaction (purchase price net of trade discounts and other rebates), excluding indirect costs;
- that **are generated internally** is equal to the sum of the expenses incurred as from the date the assets first meet the recognition criteria in accordance with IAS 38, i.e. as from the time the SNCB Group can demonstrate (1) that the project is technically feasible, (2) that there is an intention of using or selling the asset, (3) how the asset will generate future economic benefits, (4) that there exist adequate resources to complete the project and (5) that the expenditure can be measured reliably. These expenses include direct costs plus the operating costs of the operational services (except depreciation of assets financed by grants). The hourly rate is calculated taking into account all costs of short-term employee benefits, except for training costs and expenditures on safety, plus all costs of other long-term employee benefits, post-employment benefits and termination benefits (where related to staff that is still partially employed).

Only the development costs of internally generated software are capitalised; research costs are recognised immediately in net result. The development costs only include: (a) design (functional and technical blueprint), (b) programming and configuration, (c) developing interfaces, (d) technical documentation for internal use, (e) hardware integration and (f) testing.

Expenditures subsequent to the initial recognition are recognised in net result, except if it can be demonstrated that it generates new, significant economic benefits;

- that **are acquired as part of a business combination** is the fair value on the date of acquisition.

The cost of the asset also includes borrowing costs if the intangible assets necessarily take a period of more than one year to get ready for use of sale. The capitalisation rate is either equal to that of a specific loan or equal to the weighted average borrowing costs applicable

to the outstanding loans of the SNCB Group, excluding those loans that have been contracted specifically.

Intangible assets are amortised on a straight-line basis over their probable useful life. The amortisable amount corresponds to the acquisition cost, whereby the residual value is supposed to be equal to zero. The useful lives applied are the following:

Categories	Probable useful life
ERP development costs	10 years
Other software development costs	5 years
Websites	3 years
Software acquired from third parties	5 years
Goodwill	N/A, annual impairment test

Amortisation starts when the asset is ready for use.

The useful life and amortisation method for intangible assets with a limited useful life are reviewed annually at balance sheet date. Changes in the estimated useful life or anticipated consumption of future economic benefits generated by the asset are accounted for by changing the useful life or amortisation method, as the case may be, and are treated as changes in accounting estimates.

Impairment tests are performed on intangible assets when there are indications that the carrying value would not be recovered through their use or their sale. The intangible assets are Intangible assets that are not yet ready for use, are subject to an annual impairment test at balance sheet date.

1.5 Property, plant and equipment

Property, plant and equipment are measured according to the cost model, at initial cost less accumulated depreciation and any accumulated impairment charges. The initial cost includes:

- any costs directly attributable to the purchase transaction, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the SNCB Group;

- the initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located (obligation for which the SNCB Group incurs these costs either when the asset is acquired or is manufactured).

The cost therefore does not include study costs and the costs of feasibility studies incurred in connection with construction projects of property, plant and equipment (stations, sites, etc.), the costs of management and general administration or salary costs and other operating expenses that cannot be allocated to an investment activity.

The initial cost price of property, plant and equipment that is generated internally is equal to the sum of the costs incurred from the time the assets first meet the recognition criteria set down in IAS 16, i.e. where it is probable that the future economic benefits will flow to the SNCB Group and the cost of the asset can be reliably determined. These costs include direct costs plus the operating costs of the operational services (except depreciation on assets financed by grants). The hourly rate is calculated taking into account all costs of short-term employee benefits, except for training costs and expenditures on safety, plus all costs of other long-term employee benefits, post-employment benefits and termination benefits (where related to staff that is still employed part-time). In addition, costs subsequent to the initial recognition are recognised in net result, except if it can be demonstrated that these generate new and significant economic benefits.

Costs of maintenance and repairs that merely maintain the value of property, plant and equipment without increasing it, are recognised in net result. However, costs of major maintenance and major repair works that increase the future economic benefits that generated by the asset are recognised as a separate component of the cost price. The cost price of property, plant and equipment is split among significant (sub-)components. These significant (sub-)components, which are replaced at regular intervals and therefore have a useful life that differs from that of the main asset, are depreciated over their own, specific useful life. In case of a replacement, the asset is no longer recognised in the statement of financial position and the new asset is amortised over its own useful life.

The cost of the asset also includes borrowing costs if the property, plant and equipment necessarily take a period of more than one year to get ready for use or sale. The capitalisation rate is either equal to that of a specific loan or equal to the weighted average borrowing costs applicable to the outstanding loans of the SNCB Group, excluding those loans that have been contracted specifically.

Property, plant and equipment are fully depreciated over their probable useful life using the straight-line method of depreciation. The depreciable amount is usually the cost of the asset. The useful lives applied are as follows:

Property, plant and equipment	Probable useful life
Land	Not applicable
Administrative buildings	60 years
Components of administrative buildings	10 to 30 years
Industrial buildings	50 years
Components of industrial buildings	15 to 20 years
Residential properties	50 years
Components of residential properties	15 to 20 years
Stations	100 years
Components of stations	10 to 40 years
Car parks	100 years
Components of car parks	10 to 20 years
Track and associated components	25 to 100 years
Structures and associated components	20 to 120 years
Level crossings and associated components	10 to 25 years
Railway infrastructure – signalling	7 to 35 years
Miscellaneous railway infrastructure	7 to 50 years
Railway rolling stock, excluding wagons and carriages	25 to 60 years
“Mid-life” component of railway rolling stock	15 to 30 years
Carriages and wagons	30 years
Overhaul of carriages and wagons	9 years
Other plant and various equipment	4 to 30 years
Furniture	10 years
ICT	4 to 10 years
Road vehicles	2 to 10 years
Leasehold improvements to property, plant and equipment	Shorter of: term of the contract and useful life of the component

The useful life and depreciation method for property, plant and equipment are reviewed annually at balance sheet date. Changes in estimated useful life or anticipated consumption

of future economic benefits generated by the asset are accounted for by changing the useful life or depreciation method, as the case may be, and are treated as changes in estimates. The concessions in the stations are recognised as intangible assets.

1.6 Leases

1.6.1 *Cross-border arrangements*

Various financing arrangements ('sale and leaseback' transactions, 'sale and rent back' transactions, 'lease and leaseback' transactions, 'rent and rent back' transactions or 'concession and concession back' transactions) are set up by the SNCB Group, mainly for purchases of rolling stock. These transactions are recognised based on their economic substance according to SIC 27. Property, plant and equipment are still recognised in the SNCB Group financial statements. The investment accounts and related payment obligations towards lenders are recognised in the statement of financial position except for investment accounts contracted with a public authority with a superior credit rating, a counterparty that is guaranteed by a State with superior credit rating, or counterparties of these arrangements. The fees received according to these arrangements are spread over the term of the arrangements.

1.6.2 *Leases for which the Company is the lessee*

A lease is recorded as a finance lease if the SNCB Group acquires virtually all the risks and rewards incidental to ownership of the asset. The SNCB Group recognises these finance leases as assets and liabilities for amounts equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments. Liabilities related to finance leases are recorded as financial liabilities

The finance cost is spread over the various lease commitment periods so as to result in a constant periodic charge over the remaining balance of the liability. Property, plant and equipment held under a finance lease are depreciated over the shorter of the lease term and the useful life of the asset.

A lease is recorded as an operating lease where virtually all risks and rewards incidental to ownership of the asset are not transferred to the lessee. Lease payments relating to an operating lease are recognised as costs on a straight-line basis in net result over the lease term.

1.6.3 *Leases for which the Company is the lessor*

The finance lease operations are, for the lessor, accounted for as a sale combined with a financing. The asset is derecognised from the statement of financial position (with capital gain or loss recognised in net income) and a receivable is recognised representing the cash flows to be received relating to both principal and interest. The lease receivables are recorded as Trade and other receivables.

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives. Rental income is recognised on a straight-line basis over the lease term.

1.7 Investment properties

An investment property is property (land or a building) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation, rather than for:

- use in the production or supply of goods or services or for administrative purposes;
or
- sale in the ordinary course of business.

IAS 40 is only applicable to investment properties for mixed use in the case that:

- the portion held to earn rentals or to get capital gains and the portion held for own use can be sold separately;
- the portion held for own use amounts to less than 5% of the whole.

Investment properties are measured according to the cost model. All accounting principles relating to property, plant and equipment are therefore likewise applicable to investment properties.

1.8 Interests under equity method

Entities over which the SNCB Group exercises joint control together with one or more parties pursuant to a contractual arrangement with those parties, and associates, over which the SNCB Group exercises significant influence without exercising control are *accounted for* according to the equity method.

Impairment on interests under equity method are recorded when the carrying value is higher than the recoverable amount. Interests under equity method are subject to an impairment test as an individual asset (including the goodwill paid to acquire this interest) where there is an objective indicator to believe the interest has suffered an impairment loss.

1.9 Impairment losses

An impairment loss is recorded on intangible assets (including goodwill) and property, plant and equipment when the carrying value of the asset is higher than its recoverable amount. The recoverable amount of an asset is the higher of:

1. its fair value less costs to sell (being the amount that the SNCB Group would receive upon sale of the asset); and
2. its value in use (being the amount that the SNCB Group would generate by continuing to use the asset).

Where possible, these tests are carried out for each individual asset. However, if the assets do not generate independent cash flows, the test needs to be done at the level of the cash-generating unit (or 'CGU') to which the asset belongs (CGU = the smallest identifiable group of assets generating cash inflows that are largely independent of the cash inflows from other assets or groups of assets).

An annual impairment test should be performed if goodwill is allocated to a CGU or if there are indications there has been an impairment loss. In the event that no goodwill is allocated to the CGU, an impairment test should only be performed if there are indications there has been an impairment loss. Goodwill acquired as part of a business combination is allocated to the acquired subsidiaries and, as the case may be, to the CGUs that are expected to benefit from the synergies resulting from the business combination.

When an impairment loss is identified, it is first allocated to goodwill. Any surplus must then be allocated to the other assets of the CGU in proportion to their carrying values, but only to the extent that the allocation does not bring the carrying values of the assets below their fair value less costs to sell. An impairment loss against goodwill may never be reversed in a subsequent period. Impairment losses against property, plant and equipment are reversed if this is justified in the circumstances.

It is possible to account for an impairment loss on an individual asset resulting from an indication of impairment related to that individual asset (e.g. as a result of damage suffered), regardless of whether the asset is or is not (fully or partially) financed by grants.

Impairment losses cannot be recorded on assets that are part of a CGU that is fully financed by grants. If impairment losses are determined for CGUs that are partially financed by grants, they must be allocated proportionally to the assets (and to the investment grants relating to them).

1.10 Inventories

Inventories shall be measured at the lower of cost and net realisable value.

The cost of replaceable inventories is determined by applying the weighted average price method. Inventories of lesser importance and whose value and composition remain stable over the period are recognised in the statement of financial position at a fixed value.

The cost of inventories includes the acquisition cost and other costs incurred in bringing the inventories to their present location and condition. The cost of manufactured inventories includes the direct and indirect production costs, except for finance costs and overheads that do not contribute in bringing the inventories to their present location and condition.

A write-down is recorded if the net realisable value of an item of inventory at balance sheet date is less than its carrying value. Slow-moving spare parts are subject to a write-down on the basis of technical and economic criteria.

1.11 Trade and other receivables

Receivables are initially measured at their nominal value and, after initial recognition, at their amortised cost, i.e. the present value of the cash flows to be received (except where the impact of discounting is not significant).

Receivables are measured individually. Impairment losses are recognised where cash recovery is doubtful or uncertain, for the entire amount or partially.

Prepayments, amounts paid as collateral and accrued income (except those related to derivatives as other financial assets) are also accounted for under "Trade and other receivables".

1.12 Derivatives

The SNCB Group uses derivatives (IRS, IRCS, futures and options, etc.) to hedge against possible adverse changes in interest rates, exchange rates, inflation and energy prices. The SNCB Group does not use derivatives for speculative purposes.

Upon recognition, derivatives are valued at fair value and recognised in the financial report as an asset or liability. Transaction costs are recognised in net income when they occur. The derivatives are, after initial recognition, recognised in the financial statement of each reporting period at fair value estimated by using different valuation techniques. Changes in fair value are recognised in net income. Derivatives are divided between short and long term based on their date of maturity.

The fair value of derivatives is determined using valuation techniques such as valuation models for options or using the discounted cash flow method. The fair value taking into account assumptions based on market data, as defined in paragraphs 81 and 82 of IFRS 13, fall in Level 2 of the fair value hierarchy. The fair values not based on observable market data fall into Level 3 of the same hierarchy.

The SNCB Group has decided not to apply the hedge accounting principles.

1.13 Other financial assets

The other financial assets include investments in shares of companies over which the SNCB Group exercises neither an authority nor significant influence, fixed income securities, deposits and certain claims on the State.

Financial investments are, with the exception of derivatives and financial assets at fair value through profit or loss, initially measured at fair value of the consideration paid to acquire them, including transaction costs.

Afterwards they are classified into different categories and a valuation rule specific for each category is applied:

1. Financial assets at fair value through profit or loss include (a) financial assets held for trading and (b) assets for which the SNCB Group decided on a voluntary basis to classify them, at inception, in the category 'at fair value through profit or loss'.
2. Held-to-maturity financial assets quoted in an active market are non-derivative financial assets, with fixed or determinable payments and fixed maturities that the SNCB Group has the positive intention and ability to hold to maturity. These assets are valued at amortised cost.
3. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recorded in the financial statement at amortised cost using the effective interest method.
4. Available-for-sale financial assets are a residual category that includes all financial assets not classified in one of the categories mentioned above, for which the SNCB Group does not have both the intention and the ability to hold to maturity. These available-for-sale financial assets are recorded at fair value. Changes in fair value are reported in other comprehensive income until the assets are impaired or sold. At the time of sale, gains or losses accumulated in other comprehensive income are recycled into net income.

The other financial assets are classified as long term, except for those with maturity within 12 months who are recognised at short term.

Shares' fair value is determined based on the most appropriate financial criteria to each company's particular situation. Criteria generally retained are the market value or the share in the equity and the profitability forecasts when the market value is not available. The shares' fair value is classified in Level 3 of the hierarchy of valuation as defined in IFRS 13. The fair value of investments is determined using market data, yield curves and credit spreads of individual securities issuers. The fair value of investments is classified as level 1 and 2 of the hierarchy of valuation as defined in IFRS 13.

A financial asset that is not recorded at fair value through profit or loss is reviewed at each closing date to determine whether there is objective evidence of impairment. An impairment loss is recognised if there is objective evidence that an adverse event occurred

after the initial recognition of the asset, and that this event has a negative impact on the estimated future cash flows of the asset.

Purchases and sales of financial assets are recognised at settlement date.

1.14 Cash and cash equivalents

This includes cash on hand and at bank, amounts in the process of collection, short-term investments (with an initial maturity of no more than three months), extremely liquid short-term investments that are easily convertible into a known sum of money and that are hardly subject to changes in value, together with bank overdrafts. The last of these are recorded under financial liabilities on the liabilities side of the statement of financial position.

Cash and cash equivalents are recognised in the statement of financial position at their amortised cost.

1.15 Non-current assets held for sale

A non-current asset (or group of assets) is classified as held for sale if its carrying amount is recovered principally through a sale transaction rather than through continuing use. This means that the asset is available for an immediate sale in its current condition and that the sale is very probable (official decision to sell, active search for a buyer, very probable sale within a year).

The non-current assets held for sale are no longer depreciated, but are subject to impairment, if necessary, in order to reduce their carrying value to their lower realisable value.

The groups of assets held for payment to the owners within the framework of a transaction under joint control are booked at book value.

1.16 Discontinued operations

A discontinued operation is an activity that either meets the criteria for being classified as held for sale or has been disposed of, and additionally meets the following criteria:

- the cash flows from the activity can be distinguished, operationally and for financial reporting purposes;
- the activity is a separate major line of business or geographical area of operations;
- it is part of a single co-ordinated sales plan or is being purchased with a view of resale.

1.17 Share capital, share premium account

The ordinary shares are classified under the 'Share capital' section. The share capital includes two categories:

- issued share capital, consisting of amounts that the shareholders have committed to paying up in full;
- uncalled share capital: the portion of the issued share capital over which the Management Board of one of the consolidated entities has not yet issued a call.

1.18 Debts for employee benefits

1.18.1 Short-term employee benefits

Short-term employee benefits are employee benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in expenses when the related service has been rendered by the staff members.

1.18.2 Post-employment benefits

Post-employment benefits are employee benefits (other than short term and termination benefits) that are due after the completion of employment.

Post-employment benefits can be subdivided into two categories:

- defined contribution plans: these are plans where the SNCB Group pays contributions to a separate entity and the SNCB Group has no legally enforceable or *de facto* obligation to pay any additional contributions. These contributions are recognised in expenses over the periods during which service has been rendered by the staff members. If contributions were paid upfront (or have not yet been paid), they are recognised on the assets (or liabilities) side of the statement of financial position;
- defined benefit plans: these are all plans that are not defined contribution plans.

Post-employment benefits that fall under the category of defined benefit schemes are measured based on an actuarial valuation. They are accounted for (after deduction of any plan assets) to the extent that the SNCB Group must bear the costs resulting from the service rendered by the staff members. This can result from Law, a contract, or "vested rights" based on past practice (constructive obligation). The actuarial method to be used is the projected unit credit method.

The discount rate used is based on the market rates on the calculation date of high quality corporate bonds with a similar duration than the liabilities. The other actuarial assumptions (mortality rates, future salary increase, inflation, etc.) are the best estimates of the SNCB Group.

Since actuarial assumptions are used to measure these liabilities, actuarial gains and losses inevitably arise, resulting from changes in the actuarial assumptions from one financial year to the next and also from differences between the actuarial assumptions used and reality. Actuarial gains and losses relative to post-employment benefits are recognised in other comprehensive income.

1.18.3 Other long-term employee benefits

The other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service.

The figure recognised in the statement of financial position is equal to the present value of the liabilities, less any fair value of plan assets. Calculations are made according to the projected unit credit method. The actuarial gains and losses are recognised in net result.

1.18.4 Termination benefits

Termination benefits are benefits payable as a result of the decision of the SNCB Group to terminate an employee's employment (or of a group of employees) before the normal retirement date, or an employee's decision (or of a group of employees) to accept voluntary redundancy of the SNCB Group in exchange for those benefits.

A liability measured on an actuarial basis is recognised for these payments to the extent that the SNCB Group has an obligation. The liability is discounted if benefits are payable after 12 months.

For all these employee benefits (with the exception of short-term employee benefits), the interest cost represents the passage of time. It is accounted for under financial expenses.

1.19 Provisions

A provision is only recognised if:

1. the SNCB Group has a present obligation (legal or constructive) to incur expenditure further to a past event;
2. it is probable that an outflow of resources will be required; **and**
3. a reliable estimate can be made of the amount of the obligation.

If significant (mainly for long-term provisions), the provision has to be discounted. The effect of the time value of money on the provision is recognised in financial expenses. The discount rate is the IRS according to the duration of the future cash flows.

A provision for environmental obligations (soil clean-up, etc.) is only recognised if the SNCB Group has a legal or constructive obligation.

If the SNCB Group has an onerous contract, a provision has to be accounted for. Before a provision for onerous contract is accounted for, the SNCB Group accounts for any impairment losses on the assets that are used in executing the related contract.

Provisions for future operating losses are forbidden.

A provision for restructuring is only recognised if it can be demonstrated that the SNCB Group has a constructive obligation to restructure, and to do so no later than at balance sheet date. This obligation needs to be evidenced by:

- the existence of a detailed formal plan in which the most important features of the restructuring are identified; **and**
- the start of implementation of the plan or notification of the most important features of the plan to the relevant persons.

1.20 Financial liabilities

Financial liabilities include bank loans, emitted bonds, financial leasing debts, financial debts towards other financial institutions and bank overdrafts.

1. Financial liabilities are initially measured at fair value, less – with the exception of financial liabilities at fair value through profit or loss – transaction costs relating to the issuance of loans. Financial liabilities are recognised in one of the following categories, each with its own valuation principle:
2. Financial debts valued at fair value through profit or loss include the financial debts that are classified by the SNCB Group on a voluntary basis in this category upon initial recognition.
3. Other financial debts are a residual category. After initial recognition they are valued at their amortised cost by applying the effective interest method, with amortisation of the issue or redemption premiums through net result.

Financial liabilities are classed as long term, except these who expire within 12 months which are classed as short term.

Financial liabilities' fair value is determined using valuation techniques such as valuation models used for options or the discounted cash flows method. The financial liabilities rate models consider observable data on the markets at balance date and non-observable data. The use of non-observable data on the markets at balance date implies that the fair value of financial liabilities are included in Level 3 of the fair value hierarchy as defined in IFRS 13.

1.21 Income taxes – Deferred tax assets / liabilities

Income taxes include both current and deferred taxes. The current tax comprises the taxes to be paid (or recovered) on the taxable result of the past financial year, together with any adjustment to the taxes to be paid (or recovered) with regard to previous accounting years. The figure is in practice usually calculated with reference to the tax rate at balance sheet date.

The deferred tax on temporary differences between the tax base of an asset or liability and the carrying value in the consolidated IFRS financial statements is calculated according to the balance sheet liability method. The deferred tax is measured on the basis of the expected tax rate at the time the asset is realised or the liability is settled. In practice, it is usually the tax rate in force at balance sheet date that is applied.

Nonetheless, there are no deferred taxes on:

1. the initial recognition of goodwill that is not tax deductible,
2. the initial recognition of assets and liabilities (except for acquisitions of subsidiaries) that have no effect on the accounting profit or taxable profit; and
3. temporary differences related to interests in subsidiaries and joint ventures in so far as it is not probable that dividends will be distributed in the future.

Deferred tax assets are only recognised when it is probable that taxable profit will be available for crediting the existing deductible temporary differences in future reporting periods, for instance those resulting from recoverable tax losses. This criterion is tested on each balance sheet date.

Both current and deferred taxes are calculated at the level of each taxable entity. The (deferred) tax assets and (deferred) tax liabilities belonging to different subsidiaries may not be netted.

1.22 Trade and other payables

Trade and other payables are initially measured at their nominal value and subsequently at amortised cost, i.e. the present value of the future cash flows (except where the impact of discounting is not significant).

1.23 Social debts

Social debts are initially measured at their nominal value and subsequently at amortised cost, i.e. at the present value of the future cash flows (except where the impact of discounting is not significant).

1.24 Grants

Investment grants acquired within the framework of investments in intangible assets and property, plant and equipment are accounted for on the liabilities side of the statement of financial position and are accounted for in operating income ('Investment grants' section) in proportion to the depreciation on the assets for which they were received. In case of sale of granted assets, the grants are cancelled through the operating result and then reclassified, also via the operating income, as operating grants. In addition, interest is calculated as a benefit for the investment of the unallocated capital grants and payments made to subsidiaries which are not yet affected.

Operating grants are recognised in net result under the section 'Operating income before investment grants'.

Financial grants received in the context of loans are deducted from financial expenses.

1.25 Other amounts payable

Other amounts payable are initially measured at their nominal value and, after initial recognition, at amortised cost, i.e. at the present value of the future cash flows to be paid (except where the impact of discounting is not significant).

The dividends that the SNCB Group distributes to its shareholders are accounted for under "Other amounts payable" in the financial statements during the period in which they were authorised by their shareholders. Deferred income, i.e. the portion of income that is collected ahead of time during the current financial year or during previous financial years but which relates to a subsequent financial year with the exception of those relating to derivatives and to financial liabilities, is also recorded under 'Other amounts payable'.

1.26 Operating income and operating expenses

Revenues associated with services are accounted for in net result according to the completion of the services.

Revenues derived from the sale of goods are accounted for in net result when the risks and rewards incidental to ownership of the asset are transferred from the seller to the buyer.

Operating grants received from the State as a compensation for public service missions due by the SNCB Group are accounted for in the turnover during the related period. Rentals from investment properties and concessions in stations are also included in the turnover.

Revenues and costs associated with construction contracts shall be recognised as income and expenses respectively, by reference to the stage of completion of the contract activity and to the expected margin at the end of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss shall be recognised as an expense immediately. The percentage of completion is determined by comparing the actual contract costs for the activities performed to date, with the estimated total cost of the project.

Costs relating to services or to the sale of goods are included in operating charges.

1.27 Financial income and financial expenses

The financial income includes interest gains on funds invested (including financial assets available for sale) and derivatives, gains on financial assets and liabilities measured at fair value, reversals on impairment losses, foreign exchange gains, dividends and other financial income.

Financial expenses include interest expenses on financial liabilities (including derivatives and liabilities related to staff), losses on assets and liabilities measured at fair value, impairment losses, foreign exchange losses and other financial expenses.

The income resulting from interests is recognised in the net result as soon as it is acquired using the effective interest method. Dividends are recognised in the net result as from the time at which the SNCB Group acquires the right to collect the payments. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the net result using the effective interest method. Gains and losses from exchange rate differences are recognised on a net basis.

1.28 Rights and obligations

The rights and obligations that are not recognised in the statement of financial position are listed by category if they are likely to have a material influence on the financial statements.

This concerns in particular rights and obligations resulting from orders placed or received, forward contracts, bonds, guarantees or collaterals, whether real or not, entered into by the SNCB Group in favour of third parties, or from the receipt in deposit or pledge of assets belonging to third parties.

1.29 Cash flow statements

The cash flow statements from operating activities are presented using the indirect method, according to which net result is adjusted via the effects of transactions without cash flows, movements in working capital and elements of income or expenses related to cash flows from investing and financing activities.

Note 2 – Capital and financial risk management

The policy of the SNCB Group for capital management consists in maintaining a financial structure that allows it to maintain its good credit rating from the international rating agencies and allows her to continue providing a quality service to its customers. The SNCB Group has the objective to reduce its net debt in order to reach an optimal capital structure that allows it to ensure a strategic financial flexibility for its future growth. For this purpose, the SNCB Group keeps a close track on its net debt level and the economic debt.

The SNCB Group defines its net debt as:

- 1) The balance of the nominal value of liabilities and assets (including derivatives) with financial institutions or traded on the capital markets and the available cash and cash equivalents.
- 2) Less the balance of back-to-back operations as described in the Royal Decree of 30 December 2004 - Appendix 4 of the Belgian Official Journal, 31 December 2004.

Total net debt is as follows as at 31 December 2016 and 2015:

Net debt		31/12/2016	31/12/2015
Line item	<u>Notes</u>		
Derivatives	11	-524.022,71	1.533.122,29
Other financial assets	2.1	571.132.952,42	566.786.707,05
Subtotal of non-current assets		570.608.929,71	568.319.829,34
Derivatives	11	0,00	35.870.419,79
Other financial assets	2.1	30.004.599,79	50.404.544,77
Cash and cash equivalents	2.1	81.975.405,12	123.829.783,64
Subtotal of current assets		111.980.004,91	210.104.748,20
Non-current assets held for sale		0,00	0,00
Total assets		682.588.934,62	778.424.577,54
Financial liabilities	21	2.819.663.481,23	2.515.388.856,31
Derivatives	11	38.171.755,31	58.858.233,38
Subtotal of non-current liabilities		2.857.835.236,54	2.574.247.089,69
Financial liabilities	21	634.966.029,86	941.169.326,13
Derivatives	11	0,00	20.127.601,40
Subtotal of current liabilities		634.966.029,86	961.296.927,53
Liabilities associated with non-current assets held for sale		0,00	0,00
Total liabilities		3.492.801.266,40	3.535.544.017,22
Net debt		2.810.212.331,78	2.757.119.439,68
Variation in net debt		53.092.892,10	

Economic debt

The net debt doesn't always provide a correct economic image of the SNCB Group's debt. In order to provide a correct economic view of the financial debt of the SNCB Group, a number of items are added to the net debt. Such as:

- unused advances (co-financing) and investment grants (PFS) which the SNCB Group had committed to use in the near future minus any receivables (co-financing) in the case that the SNCB Group has already spent more than that she received as advances;
- current trade payables that the SNCB Group has agreed to pay minus the current trade receivables which the Company expects to receive;
- the collateral paid or received by the SNCB Group in the context of CSA-agreements;
- the net receivables on the operation grants (PFS) committed by the Belgian State but not yet received by the SNCB Group.

The reconciliation of the net debt position and the economic debt of at December 31st 2016 and 2015 is presented as follows:

<i>Economic debt</i>	2016	2015
Net debt	2.810.212.331,78	2.757.119.439,68
Regional cofinancings	-37.947.215,94	-14.593.540,11
Unused received investment allowances PSF	296.044.624,96	194.833.761,23
Net balance of trade debts and receivables	190.602.229,66	170.553.253,12
Net balance of acquired operation grants PSF	-394.142.412,81	-416.401.325,36
Net balance of collateral (CSA)	-284.539.106,00	-256.104.484,00
Total of economical corrections	-229.981.880,13	-321.712.335,12
Economic debt	2.580.230.451,65	2.435.407.104,56

* Since 2016 the economic debt also takes into account the net balance of the operating grants and collateral CSA. As a consequence the reference figures 2015 have been adapted.

Economic debt under own responsibility

In order to properly assess the impact of the SNCB Group's own performance on the debt, it is necessary to make abstraction of the evolution of the debts resulting from decisions taken by the State (federal government). In execution of the decisions, the SNCB Group has pre-financed a number of investments for which a spread repayment in time is assured by the State.

The reconciliation of the economic debt and the economic debt under own responsibility at December 31st 2016 and 2015 is presented as follows:

<i>Economic debt under own responsibility</i>	2016	2015
Economic debt	2.580.230.451,65	2.435.407.104,56
REN Rolling stock	399.422.659,47	413.521.405,15
Financing HST	54.684.473,69	56.528.401,76
Regional financings	26.180.879,01	19.460.821,14
Decision Counsel of Ministers of October 2008	114.479.673,60	118.634.506,38
Decision Counsel of Ministers of December 2011	92.733.942,82	96.794.981,46
Other	2.139.594,08	11.615.064,28
Total net debt managed for third parties	689.641.222,67	716.555.180,17
Economic debt under own responsibility	1.890.589.228,98	1.718.851.924,39

Reconciliation of net debt with the statement of financial position

The amounts included in the calculation of the net debt are the nominal amounts ("principal") of the financial instruments, thus excluding fair value adjustments and accrued interest. The tables below allow to reconcile the different sections of the financial statement with the amounts included in the calculation of the net debt.

- Other financial assets:

<i>Other financial assets</i>		31/12/2016						TOTAL
		IFRS 7					Non IFRS 7	
		Nominal	Net debt Fair value adjustments	Accrued income	Assets managed on behalf of third parties	Others Other		
Non-current	Notes							TOTAL
Receivables		340.009.875,12	4.882.092,01	7.877.016,18	0,00	0,00	0,00	352.768.983,31
Back-to-back		231.123.077,30	0,00	704.426,88	0,00	0,00	0,00	231.827.504,18
Available-for-sale financial assets	12	0,00	0,00	0,00	0,00	51.274.180,31	0,00	51.274.180,31
Total non-current		571.132.952,42	4.882.092,01	8.581.443,06	0,00	51.274.180,31	0,00	635.870.667,80
Current								
Receivables		30.004.599,79	0,00	1.512.650,28	0,00	0,00	0,00	31.517.250,07
Back-to-back		0,00	0,00	-5.638,68	0,00	0,00	0,00	-5.638,68
Available-for-sale financial assets	12	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total current		30.004.599,79	0,00	1.507.011,60	0,00	0,00	0,00	31.511.611,39
Total other financial assets		601.137.552,21	4.882.092,01	10.088.454,66	0,00	51.274.180,31	0,00	667.382.279,19

<i>Other financial assets</i>		31/12/2015						TOTAL
		IFRS 7					Non IFRS 7	
		Nominal	Net debt Fair value adjustments	Accrued income	Assets managed on behalf of third parties	Others Other		
Non-current	Notes							TOTAL
Receivables		345.833.999,55	6.659.963,42	7.384.136,65	0,00	0,00	0,00	359.878.099,62
Back-to-back		220.952.707,50	0,00	669.373,01	0,00	0,00	0,00	221.622.080,51
Available-for-sale financial assets	12	0,00	0,00	0,00	0,00	51.274.180,31	0,00	51.274.180,31
Total non-current		566.786.707,05	6.659.963,42	8.053.509,66	0,00	51.274.180,31	0,00	632.774.360,44
Current								
Receivables		50.404.544,77	0,00	1.131.096,92	0,00	172.836,46	1.296.021,78	53.004.499,93
Back-to-back		0,00	0,00	-1.334,40	0,00	0,00	0,00	-1.334,40
Available-for-sale financial assets	12	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total current		50.404.544,77	0,00	1.129.762,52	0,00	172.836,46	1.296.021,78	53.003.165,53
Total other financial assets		617.191.251,82	6.659.963,42	9.183.272,18	0,00	51.447.016,77	1.296.021,78	685.777.525,97

The receivables included in net debt consist primarily of the investment accounts established by the SNCB Group as part of its cross-border arrangements. They were concluded, either on request of the counterparty, either to manage the cash flows. These assets compensate, from an economic point of view, the financial debt concluded under these arrangements.

The "back-to-back" operations are receivables on the State originated from the debt assumption on 1 January 2005.

The assets managed on behalf of third parties consist of investments made by the REN Fund on behalf of the Belgian State. The REN Fund was created by the Belgian State in 2001 to finance the infrastructure works for the creation of a "Regional Express Network" (REN). The management of these assets was transferred to the ex-Holding through the 2005-2008 Management Contract. All of the assets for which management was transferred to the SNCB are considered by the SNCB Group as a debt to public authorities (recorded as "Other amounts payable").

- Cash and cash equivalents:

Cash and cash equivalents	31/12/2016					TOTAL
	IFRS 7					
	Nominal	Net debt Fair value adjustments	Accrued income	Assets managed on behalf of third parties	Others	
Commercial Paper	0,00	0,00	0,00	0,00	0,00	0,00
Short-term deposits	737.902,50	0,00	2.487,94	224.061.602,00	0,00	224.801.992,44
Cash at bank	78.875.086,31	0,00	0,00	117,64	0,00	78.875.203,95
Cash in hand	2.362.416,31	0,00	0,00	0,00	62.323,10	2.424.739,41
Total	81.975.405,12	0,00	2.487,94	224.061.719,64	62.323,10	306.101.935,80

Cash and cash equivalents	31/12/2015					TOTAL
	IFRS 7					
	Nominal	Net debt Fair value adjustments	Accrued income	Assets managed on behalf of third parties	Others	
Commercial Paper	0,00	0,00	0,00	74.988.525,00	0,00	74.988.525,00
Short-term deposits	841.680,67	0,00	3.322,04	218.616.000,00	0,00	219.461.002,71
Cash at bank	120.411.870,04	0,00	0,00	4.702,50	0,00	120.416.572,54
Cash in hand	2.576.232,93	0,00	0,00	0,00	16.009,50	2.592.242,43
Total	123.829.783,64	0,00	3.322,04	293.609.227,50	16.009,50	417.458.342,68

Just as for the other financial assets, the cash and cash equivalents include assets managed on behalf of third parties. It concerns assets managed on behalf of the REN Fund. In compliance with the law of December 21st 2013 containing various tax and financial provisions (articles 113 to 121), the available resources of the REN fund are to be held on a bank account of an institution designated by the State, were placed at the public treasury or invested in financial instruments issued by the Federal State. The law allows that investments in financial instruments issued by the Regions and Communities are held until maturity.

Details of derivative financial instruments and financial liabilities are presented in notes 11 and 21.

2.1 Financial risk management

Financial instruments are contracts that lead to a financial asset of one party and a financial liability of the other party. These include both traditional financial instruments (receivables, debts and securities) and derivatives included in the financial statement but also the debts and obligations, primarily related to alternative financing, which are recognised outside the financial statement.

All financial instruments imply risks. The SNCB Group is subject primarily to market risk, credit risk and liquidity risk. The SNCB Group risk policy aims to map and analyse the risks the SNCB Group faces, to determine limits and appropriate risk controls and monitor compliance with risk limits. The SNCB's Management Board is regularly informed of the various risks and receives a summary of all financial instruments. The policy and systems for risk management are regularly assessed and, if necessary, adapted to changes in market conditions and the operations of the SNCB Group.

The Management Board of the SNCB has defined the principles for risk management ("Financial Policy"). These principles are divided into three parts: the management of debt, cash management and management of financial derivatives. The implementation and monitoring of these principles is provided by the treasury department of the mother company, while enforcement is provided by the internal audit. The same principles apply for cash management for third parties (REN fund) and for instruments that are recognised off-balance. Conducting operations in order to make a short-term gain is not allowed.

Debt management

The net debt includes all financial liabilities and financial assets, other than derivatives and cash, which are included in the net debt of the SNCB Group. The SNCB Group appeals to emissions of bank loans, bonds and alternative financing and procurement of term deposits and fixed income securities with different terms and currencies.

Debt management, taking into account derivatives, require that:

- whenever possible, the reimbursements of net debt are based on expected changes in future cash flows in order to level and reduce cash balances.
- long term net debt of the SNCB Group must be contracted for minimum 65% and maximum 75% through fixed rate instruments and for minimum 25% and maximum 35% through floating rate instruments.
- the weighted residual maturity of long-term debt of the SNCB Group is fixed at a minimum of 5 years.
- debt maturities are spread over time, in terms of liquidity as well as in terms of interest rate risk.
- any debt operation, even a short-term one, that generates a currency risk, must be converted immediately and fully in EUR in order to eliminate currency risk on principal and interest.

- the cash flows of each financial liability or investment are composed solely of principal and interest on the principal. The investments in risk-bearing capital are not allowed.
- the investment limits are respected for investment transactions.

Treasury management

Treasury management must be understood as centralised treasury management (e.g. cash flows over a year) of the SNCB Group.

Main items of treasury management:

- Any structural treasury surplus must be used, to the extent possible, to reduce net debt.
- Any structural treasury deficit must be consolidated by long-term financings.
- Treasury surpluses must be invested at prevailing in the market on an arm's length basis, preferably in subsidiaries with treasury deficits.
- Investment limits must be respected in the case any treasury surplus remains after imposed investments for the benefit of cross-border arrangements.
- Any significant trading position implying currency risk must be converted immediately and fully in EUR in order to eliminate the currency risk on principal and interest.
- In order to finance other debts, the Group relies on credit lines (confirmed, unconfirmed and so-called "evergreen" ones) and issues EUR-denominated commercial paper or similar short-term instruments.

Derivatives operations

The SNCB Group uses the following types of derivatives as part of its risk management: swaps, options and forward exchange contracts that have as underlying an interest rate, an exchange rate, inflation index, energy prices or a credit.

Main items of management of operations on derivatives:

- At all times any derivative operation must be backed by an existing financial debt, an investment, a business contract or a claim against the Belgian State or Regions in the context of a pre-financing.
- Credit risk towards counterparties for derivatives must be spread and systematically covered by the conclusion of Credit Support Annexes.

2.1.1 Market risk: currency risk

The SNCB Group is exposed to currency risk arising from borrowing operations in foreign currencies, more precise derivatives.

Any significant borrowing operation, even a short-term one, that generates a currency risk, must be converted immediately and fully in EUR (principal and interest) using derivatives. Euro conversion is not mandatory if the reimbursement of debt cash flows are matched by a cash-in in foreign currency. The hedged position can be subject to a floating or fixed interest rate. Assets and liabilities relative to cross-border arrangements are in USD and in JPY, but the SNCB Group is not exposed to currency risk.

Some subsidiaries of the SNCB Group are exposed to a currency risk as part of their operational activities concerning tenders for public contracts outside the euro zone. To minimize the currency risk, subsidiaries use the Treasury department of the mother company, which itself is covered by the financial markets to cover any significant currency risk. Exceptions are to be approved by the SNCB's Management Committee; the subsidiaries are not permitted to enter into derivatives.

a. Financial instruments by currency

	31/12/2016				Total
	EUR	USD	JPY	Others	
Financial assets					
Trade and other receivables	2.013.046.387,61	0,00	0,00	4.698.931,92	2.017.745.319,53
Derivatives	168.058.880,10	131.379.885,51	0,00	0,00	299.438.765,61
Other financial assets	415.111.962,48	252.270.316,71	0,00	0,00	667.382.279,19
Cash and cash equivalents	304.481.081,97	40.624,39	13.720,30	1.566.509,14	306.101.935,80
Total financial assets	2.900.698.312,16	383.690.826,61	13.720,30	6.265.441,06	3.290.668.300,13
Financial liabilities					
Financial liabilities	3.204.147.805,68	328.387.481,35	0,00	0,00	3.532.535.287,03
Derivatives	432.045.739,31	33.950.681,03	0,00	102.296,15	466.098.716,49
Trade and other payables	373.180.212,79	62.560,19	0,00	364.053,14	373.606.826,12
Other amounts payable	334.128.820,54	7.091,77	6.631,91	3.862,01	334.146.406,23
Total financial liabilities	4.343.502.578,32	362.407.814,34	6.631,91	470.211,30	4.706.387.235,87
Net exposure	-1.442.804.266,16	21.283.012,27	7.088,39	5.795.229,76	-1.415.718.935,74

	31/12/2015				Total
	EUR	USD	JPY	Others	
Financial assets					
Trade and other receivables	1.858.774.642,15	0,00	0,00	2.644.961,77	1.861.419.603,92
Derivatives	156.355.738,76	160.065.333,96	-99.409,04	0,00	316.321.663,68
Other financial assets	424.112.088,88	239.579.310,54	20.790.104,77	0,00	684.481.504,19
Cash and cash equivalents	414.490.169,32	80.942,14	206.992,41	2.680.238,81	417.458.342,68
Total financial assets	2.853.732.639,11	399.725.586,64	20.897.688,14	5.325.200,58	3.279.681.114,47
Financial liabilities					
Financial liabilities	3.177.458.795,95	369.755.828,08	0,00	0,00	3.547.214.624,03
Derivatives	461.981.067,94	7.868.266,77	20.769.875,25	0,00	490.619.209,96
Trade and other payables	374.268.891,32	25.626,76	0,00	186.293,19	374.480.811,27
Other amounts payable	449.816.822,69	0,00	0,00	23.152,32	449.839.975,01
Total financial liabilities	4.463.525.577,90	377.649.721,61	20.769.875,25	209.445,51	4.862.154.620,27
Net exposure	-1.609.792.938,79	22.075.865,03	127.812,89	5.115.755,07	-1.582.473.505,80

The detail presented above shows the currency exposure of the assets and liabilities of the SNCB Group. With the exception of the euro, the American dollar and the Japanese yen constitute the major foreign currencies of the SNCB Group. The exposure to the USD and the JPY results from the cross-border arrangements. The related foreign currency risk in USD and JPY are hedged using swap transactions as presented in item b. hereafter.

The analysis of this note is limited to instruments which respond to the definition of financial instruments: "Assets (such as prepaid expenses) for which the economic benefit is the receipt of goods or services, rather than the right to receive cash or another financial asset, are not financial assets" (IAS 32 – AG11). "Liabilities or assets that are not contractual (such as income taxes that are created as a result of statutory requirements imposed by governments) are not financial liabilities or financial assets" (IAS 32 – AG12).

The totals in the tables of this note therefore do not necessarily reconcile with the balance sheet.

Certain elements recorded as trade and other receivables 2016: 323.640.205,28 EUR; 2015: 361.298.379,81 EUR), other financial assets (2016: 0,00 EUR; 2015: 1.296.021,78 EUR), trade payables (2016: 32.140.695,49 EUR; 2015: 29.204.427,20 EUR) and other amounts payable (2016: 161.110.379,39 EUR; 2015: 170.331.522,77 EUR) do not comply with the definition of a financial instrument.

b. Currency-derivatives

	31/12/2016		31/12/2015	
	Total fair value	Total face value	Total fair value	Total face value
Currencies bought				
USD	135.482.106,67	80.841.847,95	188.994.854,27	135.062.369,14
JPY	0,00	0,00	0,00	0,00
Other	0,00	0,00	0,00	0,00
Currencies bought - Total	135.482.106,67	80.841.847,95	188.994.854,27	135.062.369,14
Currencies sold				
USD	38.052.902,19	33.244.781,78	36.797.787,08	32.070.291,05
JPY	0,00	0,00	20.869.284,29	20.127.601,40
Other	102.296,15	1.744.948,83	0,00	0,00
Currencies sold - Total	38.155.198,34	34.989.730,61	57.667.071,37	52.197.892,45
Options				
USD	0,00	0,00	0,00	0,00
Other	0,00	0,00	0,00	0,00
Options - Total	0,00	0,00	0,00	0,00

The currency-derivatives concluded by the SNCB Group are swaps transactions concluded exclusively for assets and liabilities related to cross-border leasing transactions. These derivatives transactions are put in place to manage the cash flows in foreign currency. The SNCB Group has chosen not to apply hedge accounting as defined in IAS 39 and therefore

does not recognize the derivatives as hedging instruments. The derivatives are recognized at fair value through profit or loss.

c. Sensitivity analysis

IFRS 7 requires a sensitivity analysis to illustrate the theoretical impact of movements in exchange rates on net result and equity. The sensitivity analysis has been performed on the basis of the position of the SNCB Group at balance sheet date. For currency risk, the sensitivity analysis consists in evaluating the impact on the IFRS consolidated statements of a variation of the USD and GBP (or any other significant currencies) exchange rates relative to EUR by +/- 10% at the closing rate.

Foreign exchange rate variation	Impact on net result	Impact on other comprehensive income
2016		
USD + 10%	2.364.779,14	0,00
USD - 10%	-1.934.819,30	0,00
GBP + 10%	109.335,87	0,00
GBP - 10%	-89.456,62	0,00
2015		
USD + 10%	2.452.873,89	0,00
USD - 10%	-2.006.896,82	0,00
GBP + 10%	65.739,09	0,00
GBP - 10%	-53.786,53	0,00

2.1.2 *Market risk: interest rate risk*

a. Interest rate risk

The SNCB Group is exposed to three types of interest rate risk. The first relates to the effects of revisions of variable interest rates on cash flows. This risk is constantly monitored for the net debt position for which, with or without the use of interest rate swaps, the SNCB Group strives to let it evolve the risk within approved limits. The SNCB's executive committee may provide a deviation of these limits in the event that it would be a response to specific market condition. The second type relates to the effects of revisions of the fair value. As the SNCB Group still intends to settle its receivables and payables on the due date, there is not, for that risk, specific coverage planned. Revisions of the discount rate can have a significant impact on income for a defined time period but have no impact on income over the lifetime of the operation. A third risk constitutes refinancing risk. The SNCB Group strives to limit its exposure to changes in market conditions by spreading the maturity dates of its fixed rates liabilities.

At 31 December 2016, an average of 47% (2015 = 59%) of net interest bearing financial liabilities (before impact of derivatives) of the SNCB Group are contracted at variable rate and 53% (2015 = 41%) at fixed rates. When taking the derivatives into account, the proportion variable – fixed rate at 31 December 2016 becomes 17% / 83% (2015: 18% / 82%).

	Carrying amount 31/12/2016	Carrying amount 31/12/2015
Fixed rate instruments		
Financial as sets	1.153.948.061,97	1.168.569.321,57
Trade and other receivables	806.406.054,63	792.949.657,66
Other financial assets	347.542.007,34	375.619.663,91
Cash and cash equivalents	0,00	0,00
Financial liabilities	-2.053.862.990,15	-1.955.626.089,85
Financial liabilities	-2.034.949.453,57	-1.955.389.774,41
Trade and other payables	-213.914,23	-235.815,44
Other amounts payable	-18.699.622,35	-500,00
Derivatives	-753.223.557,62	-867.179.121,60
Interest rate sw aps	-805.123.007,29	-953.812.096,09
Foreign exchange sw aps	51.899.449,67	86.632.974,49
Total fixed rate instruments	-1.653.138.485,80	-1.654.235.889,88
Floating rate instruments		
Financial as sets	743.799.481,99	775.546.792,35
Trade and other payables	337.341.475,36	295.755.176,34
Other financial liabilities	181.656.014,19	180.032.058,97
Cash and cash equivalents	224.801.992,44	299.759.557,04
Financial liabilities	-1.764.062.640,81	-1.923.101.759,67
Financial liabilities	-1.497.548.564,35	-1.589.984.695,25
Trade liabilities	0,00	0,00
Other liabilities	-266.514.076,46	-333.117.064,42
Derivatives	681.665.513,19	783.558.384,40
Interest rate sw aps	735.464.107,88	872.924.775,62
Foreign exchange sw aps	-53.798.594,69	-89.366.391,22
Total variable rate instruments	-338.597.645,63	-363.996.582,92
Total	-1.991.736.131,43	-2.018.232.472,80

Following the debt assumption by the Belgian State at January 1st 2005, swap contracts were concluded with the Belgian State. Capitalized interest and accrued income relating to these swaps were recorded together with the "Back to Back" receivables as "Other Financial Assets". For the sake of consistency, the impact of these swaps was taken into account with other swaps in the table above.

The main exposures in interest rates result from financing in EUR and USD. The sensitivity to interest rate risk was determined based on a parallel theoretical displacement of the interest rate curve by 100 basis points.

b. Cash flow sensitivity analysis

A 100bp rise of variable interest rates (including derivatives) would increase the net interest expenses of the SNCB Group by 336.787,46 EUR in 2016 compared to a decrease by 1.347.691,48 EUR in 2015.

c. Fair value sensitivity analysis

Changes in market interest rates affect the fair value of non-derivative financial instruments recorded at fair value through net result, and derivatives. This evolution is taken into account in the measurement of the sensitivity of net income.

The fair value sensitivity analysis was determined for the SNCB Group at the balance sheet date. An increase by 100bp would impact net result by 52.469.873,64 EUR on 31 December 2016 (2015: 55.577.096,23 EUR), of which 0,00 EUR (2015: 0,00 EUR) via the other comprehensive income. This positive change in income is mainly the result of the type of interest rate derivatives concluded by the SNCB Group for which a fixed rate is paid and a variable rate is received.

2.1.3 Market risk: price risk on commodities

In terms of commodities, the SNCB Group is primarily exposed to price risk on energy prices (electricity, natural gas and gas oil). In the SNCB Group, each company is responsible for the purchase of commodities. The exposure to the price risks is mainly linked to the purchase of electricity for the traction. Thus, the price risk for the SNCB Group is for an important part the same as that of the parent company.

Historically, the SNCB Group has entered into standard contracts with fixed prices (natural gas), the daily prices (gas oil), or at an average price with or without combination with the daily prices (natural gas) for the duration of the contracts. With the aim to better spread price risks and take advantage of market opportunities, purchasing strategies of the various energy products were streamlined in 2014. A *click* system has been established in each contract, one by one, and when possible, the price is defined at regular moments. The Management Board has been set up within the SNCB Group to ensure the proper implementation of the approved strategies. An energy board has been installed within the SNCB to supervise the proper application of the approved strategies. The Management Board is regularly informed of the results.

Regarding electricity, the infrastructure manager (Infrabel) acts as "lead buyer". The SNCB has mandated Infrabel for the conclusion of framework agreements until 2020 for the contract "Traction" (all electricity via the traction subsystems, mainly for traction rolling equipment) and to 2018 for the distribution contract (for all electricity that is not used via the traction substations). In the "traction" contract, a click-system will also be provided by the SNCB, in combination with the average price and the price of the day. In the "distribution" contract, for technical reasons, only a combination of average price and price of the day is used.

Concerning natural gas (heating) and gas oil (heating and traction) the SNCB acts as "lead-buyer" for a number of participation companies within the Belgian railway landscape but

outside the scope of consolidation. Prices are negotiated by the SNCB on behalf of the participating companies, but the individual companies are billed directly. The SNCB applies the following strategies:

- Natural gas: application of the click-system where prices are set at different times within the limits approved by the Management Board. The final price is the average of the different buying times and is valid for the total volume purchased. This allows for the spreading of risk, the timing of fixing and the reaction on market opportunities. In order to ensure the supply, the Management Board has decided to conclude a framework agreement until 2020 included. The SNCB has the possibility to renew the framework agreement until 2021 included.
- Diesel: the click-system cannot be applied here. That is why the SNCB combines the purchase of gas oil at current price with the conclusion of derivatives (gas oil swaps). The use of derivatives has the potential to react to market opportunities and to reduce uncertainty on future cash flows. The Management Board of the SNCB has decided until 2017 included, to cover a total volume based on 55% of the total estimated average over those years.

2.1.4 Credit risk

Credit risk is the risk of financial loss to the SNCB Group if a business partner or counterparty of a financial instrument fails to meet contractual obligations. The SNCB Group's credit risk arises from trade receivables, investments, financial assets available for sale and derivatives.

Aging balance of financial assets

The table below shows a split of the financial assets between not expired and expired at the end of the reporting period with a detail expiration age.

	Net carrying amount	Assets for which NO impairment loss is accounted for							Assets for which an impairment loss is accounted for	
		Not expired	since 0-1 month	since 1-3 month	since 3-6 month	since 6-12 month	since 1-2 year	since more than 2 years		
31 December 2016										
Trade and other receivables	2.017.745.319,53	1.980.462.387,81	7.949.343,04	12.247.233,01	2.864.772,90	5.087.129,45	14.593.574,28	-5.014.882,41		-444.238,55
Derivatives	299.438.765,61	299.438.765,61	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Other financial assets	667.382.279,19	667.382.279,19	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Cash and cash equivalents	306.101.935,80	306.101.935,80	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total	3.290.668.300,13	3.253.385.368,41	7.949.343,04	12.247.233,01	2.864.772,90	5.087.129,45	14.593.574,28	-5.014.882,41		-444.238,55
31 December 2015										
Trade and other receivables	1.861.419.603,92	1.818.124.138,76	16.162.699,87	8.468.319,65	8.515.636,40	7.300.298,43	1.413.095,05	2.843.978,01		-1.408.562,25
Derivatives	316.321.663,68	316.321.663,68	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Other financial assets	684.481.504,19	684.481.504,19	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Cash and cash equivalents	417.458.342,68	417.458.342,68	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total	3.279.681.114,47	3.236.385.649,31	16.162.699,87	8.468.319,65	8.515.636,40	7.300.298,43	1.413.095,05	2.843.978,01		-1.408.562,25

Regional distribution

The financial assets held by the SNCB Group are distributed as follows by geographic region.

Zone	31/12/2016	31/12/2015
Belgium	2.326.365.754,57	2.386.679.706,60
Eurozone	407.054.066,72	389.768.487,22
Others Europe	426.919.211,24	367.466.416,98
United States	84.319.976,85	81.381.353,81
Others	46.009.290,75	54.385.149,86
Total	3.290.668.300,13	3.279.681.114,47

Rating of derivatives

The SNCB Group limits its credit risk on investments (deposits or fixed income) by investing exclusively in counterparties that meet the criteria of the financial policy. Investments must resemble a loan and can not take place in risk bearing capital. Investments are subjected to strict conditions regarding minimum credit quality based on the maturity of the investment. The SNCB Group has established the limits of investments by counterparties. These limits are however not applicable to investments and instruments that are rated AAA/Aaa, or which are issued or guaranteed by the Belgian State, the Flemish Community, the Walloon Region, the French Community and the Region of Brussels Capital. Given the counterparty's credit quality, the SNCB Group expects that counterparties meet their obligations. Investments are continuously monitored and an annual decision of the Board is required to maintain the investments that no longer meet the required criteria.

Financial assets available for sale in which the SNCB Group has invested consists mainly of operational investments in companies who do not meet the criteria of a subsidiary, joint ventures of associates. For a more detailed analysis of these assets, see Note 12.

The cash and cash equivalents in which the SNCB Group has invested relate mainly to bank receivables and deposits with maturity date less than 3 months at financial institutions in Belgium, the Belgian Treasury or financial instruments issued by the Federal State or a regional government.

Shares, fixed rate securities and deposits in which the SNCB Group has invested benefit from the following (Standard & Poor's) ratings:

Rating	31/12/2016					
	Nominal		Fair value adjustment	Accrued income		Total
	Non-current	Current		Non-current	Current	
Other financial assets	664.080.908,09	30.004.599,79	-36.791.683,35	8.581.443,06	1.507.011,60	667.382.279,19
AA+	73.539.349,89	0,00	4.778.541,83	900.322,84	0,00	79.218.214,56
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	73.539.349,89	0,00	4.778.541,83	900.322,84	0,00	79.218.214,56
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
AA	263.939.070,66	0,00	0,00	2.585.522,43	-5.638,68	266.518.954,41
<i>Financial institutions</i>	32.815.993,36	0,00	0,00	1.881.095,55	0,00	34.697.088,91
<i>Sovereigns</i>	231.123.077,30	0,00	0,00	704.426,88	-5.638,68	231.821.865,50
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
AA-	113.820.330,25	0,00	0,00	121.603,42	0,00	113.941.933,67
<i>Financial institutions</i>	113.820.330,25	0,00	0,00	121.603,42	0,00	113.941.933,67
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
A+	33.244.781,78	0,00	103.550,18	0,00	253.379,77	33.601.711,73
<i>Financial institutions</i>	33.244.781,78	0,00	103.550,18	0,00	253.379,77	33.601.711,73
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
A	0,00	0,00	0,00	0,00	0,00	0,00
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
A-	68.797.924,28	30.004.599,79	0,00	4.973.994,37	976.783,07	104.753.301,51
<i>Financial institutions</i>	68.797.924,28	30.004.599,79	0,00	4.973.994,37	976.783,07	104.753.301,51
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
BBB-	0,00	0,00	0,00	0,00	0,00	0,00
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
NR	110.739.451,23	0,00	-41.673.775,36	0,00	282.487,44	69.348.163,31
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	17.791.495,56	0,00	0,00	0,00	282.487,44	18.073.983,00
<i>Equity securities</i>	92.947.955,67	0,00	-41.673.775,36	0,00	0,00	51.274.180,31
<i>Other</i>	0,00	0,00	0,00	0,00	0,00	0,00

Rating	31/12/2016					
	Nominal		Fair value adjustment	Accrued income		Total
	Non-current	Current		Non-current	Current	
Cash and cash equivalents	0,00	306.099.447,86	0,00	0,00	2.487,94	306.101.935,80
A-1+	0,00	224.061.602,00	0,00	0,00	0,00	224.061.602,00
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	0,00	224.061.602,00	0,00	0,00	0,00	224.061.602,00
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
NR	0,00	82.037.845,86	0,00	0,00	2.487,94	82.040.333,80
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	0,00	737.902,50	0,00	0,00	2.487,94	740.390,44
<i>Cash at bank</i>	0,00	76.297.087,42	0,00	0,00	0,00	76.297.087,42
<i>Cash in hand</i>	0,00	5.002.855,94	0,00	0,00	0,00	5.002.855,94

The amounts mentioned as "Corporate" without rating (NR) are exclusively related to subsidiaries. Regarding the bank accounts: there are mainly current accounts at financial institutions established in Belgium whose short term rating is A-1 or A-2.

Rating	31/12/2015					
	Nominal		Fair value adjustment	Accrued income		Total
	Non-current	Current		Non-current	Current	
Other financial assets	660.573.234,06	50.404.544,77	-35.852.383,28	8.053.509,66	1.302.598,98	684.481.504,19
AA+	68.851.681,70	0,00	5.899.678,01	729.383,92	0,00	75.480.743,63
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	68.851.681,70	0,00	5.899.678,01	729.383,92	0,00	75.480.743,63
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
AA	250.888.579,36	0,00	0,00	2.385.372,33	-1.334,40	253.272.617,29
<i>Financial institutions</i>	29.935.871,86	0,00	0,00	1.715.999,32	0,00	31.651.871,18
<i>Sovereigns</i>	220.952.707,50	0,00	0,00	669.373,01	-1.334,40	221.620.746,11
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
AA-	108.016.694,94	25.249.824,87	0,00	115.105,50	50.787,22	133.432.412,53
<i>Financial institutions</i>	108.016.694,94	25.249.824,87	0,00	115.105,50	50.787,22	133.432.412,53
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
A+	32.070.291,05	16.709.706,82	668.070,62	0,00	240.166,25	49.688.234,74
<i>Financial institutions</i>	32.070.291,05	0,00	197.191,08	0,00	157.267,54	32.424.749,67
<i>Sovereigns</i>	0,00	16.709.706,82	470.879,54	0,00	82.898,71	17.263.485,07
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
A	0,00	0,00	0,00	0,00	0,00	0,00
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
A-	89.459.460,00	5.027.118,50	0,00	4.823.647,91	711.719,65	100.021.946,06
<i>Financial institutions</i>	89.459.460,00	5.027.118,50	0,00	4.823.647,91	711.719,65	100.021.946,06
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
BBB-	0,00	3.417.894,58	92.214,79	0,00	16.510,33	3.526.619,70
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	0,00	3.417.894,58	92.214,79	0,00	16.510,33	3.526.619,70
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
NR	111.286.527,01	0,00	-42.512.346,70	0,00	284.749,93	69.058.930,24
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	18.110.000,00	0,00	-610.000,00	0,00	284.749,93	17.784.749,93
<i>Equity securities</i>	93.176.527,01	0,00	-41.902.346,70	0,00	0,00	51.274.180,31
<i>Other</i>	0,00	0,00	0,00	0,00	0,00	0,00

Rating	31/12/2015					
	Nominal		Fair value adjustment	Accrued income		Total
	Non-current	Current		Non-current	Current	
Cash and cash equivalents	0,00	417.455.020,64	0,00	0,00	3.322,04	417.458.342,68
A-1+	0,00	218.616.000,00	0,00	0,00	0,00	218.616.000,00
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	0,00	218.616.000,00	0,00	0,00	0,00	218.616.000,00
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
NR	0,00	198.839.020,64	0,00	0,00	3.322,04	198.842.342,68
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	0,00	74.988.525,00	0,00	0,00	0,00	74.988.525,00
<i>Corporates</i>	0,00	841.680,67	0,00	0,00	3.322,04	845.002,71
<i>Cash at bank</i>	0,00	118.506.271,10	0,00	0,00	0,00	118.506.271,10
<i>Cash in hand</i>	0,00	4.502.543,87	0,00	0,00	0,00	4.502.543,87

Management of derivatives counterparty credit risk

The credit risk of counterparties with whom we conclude derivatives should systematically be covered by the conclusion of CSA (credit support annex). Under such contracts the amount that should be paid either by the SNCB Group or by the counterparty in case of termination is calculated regularly. Through the use of CSA contracts, the SNCB Group payed and received guarantees for counterparties for which the fair value of the portfolio of

financial instruments exceeds a predefined threshold. These thresholds are defined in the CSA contract based on the credit quality of each counterparty independently (rating).

No new transactions may be entered into with counterparties on "negative credit watch" during the period of "negative credit watch". The received and paid guarantees under CSA are classified respectively under "Trade and other receivables" and "Other liabilities".

The table below provides an overview of the exposure to credit risk on derivatives, before and after the application of guarantees. As shown in the table, the SNCB Group has an exposure to a limited number of counterparties.

Management of derivatives counterparty credit risk					31/12/2016
Counterparty	Credit risk	Collateral posted	Collateral received	Net exposure	
150	0,00	0,00	0,00	0,00	
152	38.349.169,42	0,00	-42.300.000,00	-3.950.830,58	
154	-369.963.596,06	317.939.106,00	0,00	-52.024.490,06	
155	0,00	0,00	0,00	0,00	
156	-5.038.094,44	0,00	0,00	-5.038.094,44	
158	10.123.660,52	0,00	0,00	10.123.660,52	
159	-5.056.364,84	5.100.000,00	0,00	43.635,16	
160	-27.170.376,15	0,00	0,00	-27.170.376,15	
161	-25.641.750,50	1.100.000,00	0,00	-24.541.750,50	
162	-9.746.204,75	0,00	0,00	-9.746.204,75	
163	-12.640.898,65	2.700.000,00	0,00	-9.940.898,65	
With CSA	-406.784.455,45	326.839.106,00	-42.300.000,00	-122.245.349,45	
164	0,00	0,00	0,00	0,00	
165	0,00	0,00	0,00	0,00	
Belgian State	214.651.228,20	0,00	0,00	214.651.228,20	
Eurofima	25.473.276,37	0,00	0,00	25.473.276,37	
Without CSA	240.124.504,57	0,00	0,00	240.124.504,57	
Total	-166.659.950,88	326.839.106,00	-42.300.000,00	117.879.155,12	

Management of derivatives counterparty credit risk				31/12/2015
Counterparty	Credit risk	Collateral posted	Collateral received	Net exposure
150	-23.051.570,62	0,00	0,00	-23.051.570,62
152	30.802.009,74	0,00	-39.400.000,00	-8.597.990,26
154	-319.667.698,70	278.304.484,00	0,00	-41.363.214,70
155	-14.136.822,30	3.300.000,00	0,00	-10.836.822,30
156	-12.078.824,85	3.100.000,00	0,00	-8.978.824,85
158	9.994.422,08	0,00	0,00	9.994.422,08
159	-5.567.820,78	5.900.000,00	0,00	332.179,22
160	-14.255.545,45	0,00	0,00	-14.255.545,45
161	-14.870.701,05	0,00	0,00	-14.870.701,05
162	-12.335.047,38	0,00	0,00	-12.335.047,38
165	-14.591.561,14	4.900.000,00	0,00	-9.691.561,14
With CSA	-389.759.160,45	295.504.484,00	-39.400.000,00	-133.654.676,45
164	20.923.076,44	0,00	0,00	20.923.076,44
165	-3.532.446,51	0,00	0,00	-3.532.446,51
Belgian State	190.280.101,30	0,00	0,00	190.280.101,30
Eurofima	7.790.882,94	0,00	0,00	7.790.882,94
Without CSA	215.461.614,17	0,00	0,00	215.461.614,17
Total	-174.297.546,28	295.504.484,00	-39.400.000,00	81.806.937,72

2.1.5 Liquidity risk

The risk that the SNCB Group cannot meet its financial obligations is limited because the SNCB Group:

- disposes of sufficient liquidities. The SNCB Group has, at the end of 2016, 82.040.216,16 EUR (2015: 123.849.115,18 EUR) at its disposal which are not managed for third parties.
- has sufficient available lines of credit, confirmed (2016: 375 million EUR; 2015: 375 million EUR) and unconfirmed (2016: 35 million EUR; 2015: 35 million EUR) credit facilities available, supplemented by (unconfirmed) commercial paper (2016: 4 billion EUR; 2015: 4 billion EUR).
- concluded a credit line (200 million EUR) at the end of 2016 with the European Investment bank allowing to conclude long-term financing. The SNCB Group disposes of the possibility to raise in a later phase the amount of the credit line up to 600 million EUR.
- has the ability to request the State guarantee for an amount up to 1.138.007.506,22 EUR.

- provides for the spreading of the net debt maturities over time, according to its financial policy. Thus a maximum of 20% of the outstanding debt may mature in a given year, with a maximum of 10% of the debt per quarter.

The SNCB Group raised at the end of 2016 445.071.113,62 EUR (2015: 580.046.181,73 EUR) through its commercial paper program and did not make use of available credit facilities (2015: 0,00 EUR).

The SNCB Group expects to fund its investment obligations and net long-term obligations with the expected cash flows from operational activities, investments and financing. Investment grants and operations provided in the SNCB's management contract play an important role in the financing of operational and investment activities. The SNCB Group manages its cash flow based on periodic liquidity forecast. This liquidity forecast allows the Treasury department to optimise the management of cash flows (limit the surpluses and the cash shortage).

The table below shows the maturity of future undiscounted contractual cash flows of financial liabilities, including estimated interest payments and taking into account the cash flow from investments, "back to back" receivables, reimbursements from the State for agreed transactions and derivatives. The amounts under "cash and cash equivalents" concern the Funds managed for third parties that can be used for the related "Other liabilities".

	Carrying amount	Contractual cash flows *	< 6 months	6-12 months	1-2 year	2-5 years	> 5 year
* including interest payments							
31 December 2016							
Financial assets							
Trade and other receivables	562.213.635,53	784.083.068,00	19.481.068,00	30.035.000,00	41.926.000,00	125.778.000,00	566.863.000,00
Derivatives	299.438.765,61	-327.603,92	3.306.132,30	3.037.812,59	5.874.585,90	-15.373.369,02	2.827.234,31
Other financial assets	598.034.115,88	1.043.097.401,73	31.353.293,07	280.545,29	7.617.131,36	133.096.101,47	870.750.330,54
Cash and cash equivalents	224.061.719,64	224.061.719,64	224.061.719,64	0,00	0,00	0,00	0,00
Total financial assets	1.683.748.236,66	2.050.914.585,45	278.202.213,01	33.353.357,88	55.417.717,26	243.500.732,45	1.440.440.564,85
Financial liabilities							
Financial liabilities	3.532.535.287,03	4.172.115.733,75	644.471.427,87	26.206.351,24	164.044.525,80	924.594.242,58	2.412.799.186,26
Derivatives	466.098.716,49	417.366.149,90	5.868.398,14	35.356.065,79	38.179.756,82	-44.887.118,84	382.849.047,99
Trade and other payables	373.606.826,12	373.118.065,18	370.312.952,74	2.132.058,59	392.410,80	-11.153,00	291.796,05
Other amounts payable	334.146.406,23	384.679.748,79	120.892.138,71	42.976.435,34	76.055.168,17	75.960.427,48	68.795.579,09
Total financial liabilities	4.706.387.235,87	5.347.279.697,62	1.141.544.917,46	106.670.910,96	278.671.861,59	955.656.398,22	2.864.735.609,39
Total	-3.022.638.999,21	-3.296.365.112,17	-863.342.704,45	-73.317.553,08	-223.254.144,33	-712.155.665,77	-1.424.295.044,54

* including interest payments	Carrying amount	Contractual cash flows *	< 6 months	6-12 months	1-2 year	2-5 years	> 5 year
31 December 2015							
Financial assets							
Trade and other receivables	574.783.974,41	818.419.000,00	11.891.000,00	30.035.000,00	41.926.000,00	125.778.000,00	608.789.000,00
Derivatives	316.321.663,68	36.050.078,51	26.252.889,69	16.696.704,00	5.591.350,54	1.286.805,07	-13.777.670,79
Other financial assets	615.422.573,95	1.084.087.736,84	31.368.408,77	21.121.124,14	30.623.220,51	68.106.665,59	932.868.317,83
Cash and cash equivalents	293.609.227,50	293.620.702,50	293.620.702,50	0,00	0,00	0,00	0,00
Total financial assets	1.800.137.439,54	2.232.177.517,85	363.133.000,96	67.852.828,14	78.140.571,05	195.171.470,66	1.527.879.647,04
Financial liabilities							
Financial liabilities	3.547.214.624,03	4.247.153.127,07	877.233.977,37	104.550.407,97	157.030.538,43	844.611.901,01	2.263.726.302,29
Derivatives	490.619.209,96	447.995.857,83	-17.112.653,76	54.795.089,76	39.656.212,30	61.381.988,29	309.275.221,24
Trade and other payables	374.480.811,27	374.480.811,27	371.048.641,33	1.872.743,35	1.063.876,42	56.911,09	438.639,08
Other amounts payable	449.839.975,01	449.732.510,59	208.988.547,68	57.452.315,07	100.362.957,52	79.690.892,59	3.237.797,73
Total financial liabilities	4.862.154.620,27	5.519.362.306,76	1.440.158.512,62	218.670.556,15	298.113.584,67	985.741.692,98	2.576.677.960,34
Total	-3.062.017.180,73	-3.287.184.788,91	-1.077.025.511,66	-150.817.728,01	-219.973.013,62	-790.570.222,32	-1.048.798.313,30

2.1.6 Fair value risk

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs, other than quoted prices of level 1, that are observable for assets or liabilities, directly (e.g. as prices) or indirectly (e.g. derived from prices).
- Level 3: inputs of assets or liabilities that are not based on observable market data (non-observable data).

	31/12/2016		
	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit or loss			
Deposits	0,00	0,00	0,00
Fixed rate securities	79.218.214,56	33.601.711,73	0,00
Derivatives	0,00	276.042.433,77	23.396.331,84
Other	0,00	87.113.868,18	0,00
Available-for-sale financial assets	0,00	0,00	51.274.180,31
Total	79.218.214,56	396.758.013,68	74.670.512,15
Liabilities			
Financial liabilities at fair value through profit or loss			
Financial liabilities	0,00	0,00	148.968.925,58
Derivatives	0,00	468.175.661,02	-2.076.944,53
Other	0,00	2.076.676,41	0,00
Total	0,00	470.252.337,43	146.891.981,05

	31/12/2015		
	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit or loss			
Deposits	0,00	0,00	0,00
Fixed rate securities	96.270.848,40	32.424.749,67	0,00
Derivatives	0,00	277.342.885,85	38.978.777,83
Other	0,00	77.633.456,88	0,00
Available-for-sale financial assets	0,00	0,00	51.274.180,31
Total	96.270.848,40	387.401.092,40	90.252.958,14
Liabilities			
Financial liabilities at fair value through profit or loss			
Financial liabilities	0,00	0,00	200.660.766,94
Derivatives	0,00	476.821.944,99	13.797.264,97
Other	0,00	-78.824,78	0,00
Total	0,00	476.743.120,21	214.458.031,91

The fixed income securities (and liabilities) measured at fair value include investments (and liabilities) for which the SNCB Group decided at the time of initial recognition to recognise them as "measured at fair value through profit and loss".

Following the reorganisation on January 1st 2014, the SNCB Group no longer has a representative number of listed fixed income securities (Bonds). The SNCB Group no longer disposes of market data as defined in paragraph 81 and 82 of IFRS 13 in order to value at fair value the liabilities voluntary classified "at fair value through net income" and

derivatives that are not part of a CSA. Therefore, since January 1st 2014, the fair values of these instruments are considered Level 3 of the fair value hierarchy according to IFRS 13.

Changes in level 3 financial instruments	
	EUR
Assets	
Balance at 1 January	90.252.958,14
Level 3 inputs	0,00
Payments	-18.853.833,13
Total gains and losses recognised in net-result	3.271.387,14
Transfers assets-liabilities	0,00
Balance at 31 December	74.670.512,15
Liabilities	
Balance at 1 January	214.458.031,91
Level 3 inputs	0,00
Payments	-79.014.014,81
Total gains and losses recognised in net-result	11.447.963,95
Transfers assets-liabilities	0,00
Balance at 31 December	146.891.981,05

The significant decrease in liabilities is the results of the contractual termination of a number of transactions of alternative financing that were valued at their fair value.

Note 3 – Critical accounting estimates and significant judgements

The preparation of consolidated financial statements in accordance with IFRS brings the SNCB Group to establish significant judgements, estimates and assumptions that affect the application of the valuation rules, and the reported amounts of assets, liabilities, income and expenses, and which, contain by nature a certain degree of uncertainty. Those estimates are based on experience and on assumptions that the SNCB Group consider reasonable based on the circumstances. Per definition, actual results might be and will often be different from those estimates. Revisions of the accounting estimates are recognised during the period in which the estimates are revised, and throughout subsequent concerned periods. Judgements and estimates concern mainly the following areas:

3.1 Impairment of intangible assets

The recoverable amount of each asset or CGU is determined either as the fair value of the asset or CGU less costs to sell, or as the value in use of the asset or CGU if the latter is higher. These computations use estimates and assumptions related to discount rates, growth rates, indexes, future capital needs and future operating results.

Certain property, plant and equipment of the SNCB Group and certain investment property have been measured at fair value during the transition to IFRS at 1 January 2014. The property, plant and equipment are subjected to an impairment test when there is an indication that they have suffered impairment loss. An impairment loss is recognized when the carrying value is higher than the recoverable amount. The recoverable amount of land corresponds to the fair value less sales costs.

Within the framework of the examination of the validity of the revaluation surplus an impairment test has been conducted on the land that have been the object of a revaluation surplus during the reorganization at 1 January 2014. During this test, the revalued carrying value has been compared with the market value at 31 December 2016, determined by the direction B-ST based on a market comparable (and by an external expert for a big project, based on the residual value method).

Impairment losses have been recognized when the carrying value was higher than the market value. They have been recognized in the result of 2016 for € 145,9 million. These recognized impairment losses are mainly the result of clarifications and refinements of the applied methods during the revaluation at 1 January 2014. The impairment test is subjected to certain uncertainties typical to this exercise, as the use of a sample, the extrapolation of results on the entire revalued land and the estimation of the market price.

Since it concerns a test on amounts written down no upward revaluation has been recognized when the market value was higher than the carrying value of the land.

This analysis will be continued and refined in 2017.

3.2 Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not quoted on an active market (such as over the counter traded derivatives) is determined using valuation techniques. The SNCB Group selects the methods and retains the assumptions that seem to be appropriate, based principally on existing market conditions at reporting date. The SNCB Group uses the discounted cash flow method for a variety of available-for-sale financial assets that are not traded on active markets.

We refer to note 2.2.2.b and c for a sensitivity analysis to interest rates, cash flow and fair value.

3.3 Employee benefits

Liabilities arising from employee benefits are actuarially determined, based on different financial and demographic assumptions. Any variation of these assumptions would impact the amount of the liability. An important assumption that has a major sensibility on the liability is the discount rate. At each closing, the SNCB Group determines this rate by reference to high quality corporate bonds with similar maturity at closing date. Other major assumptions are based on the market, or reflect the best estimate of the SNCB Group.

3.4 Fair value less costs to sell for non-current assets held for sale

The non-current assets held for sale are valued at the lowest between their carrying value and their fair value less costs to sell. On 31 December 2016 and 31 December 2015, the fair value is calculated based on present value of future cash flows. These calculations are

based on estimates and assumptions relative to growth rates, discount rates and future cash flows.

3.5 Useful life of property, plant and equipment

Property, plant and equipment mainly include railway rolling stock, railway infrastructure and stations. Depreciation is computed as from the date at which the asset is ready to be used, according to the straight line method and according to a rate corresponding to the estimated useful life of the asset. This useful life has been estimated by management and corresponds to the period during which the asset is expected to be available to be used by the SNCB Group. Estimated useful life takes into consideration the expected use by the SNCB Group, expected physical wear that depends on operational factors such as the maintenance program, technical and economical obsolescence and legal limitations and other similar limitations (for example the leasing contract period). For a detail of the useful lives estimated for property, plant and equipment, we refer to note 1.5. However, actual useful life might differ because of numerous factors. This could result in a shorter or longer useful life. If the estimated useful life appears to be incorrect, or if there is a change in the circumstances in such manner that the estimated useful life has to be revised, this could lead to an impairment loss or an increased or decreased depreciation charge for the upcoming periods. Useful lives are examined at each closing date and prospectively adjusted if necessary.

3.6 Deferred tax: recovery of deferred tax assets

Deferred tax assets are only recognised for deductible temporary differences and losses carried forward if it is probable that future taxable profits will offset these losses and differences and if tax losses remain available given their origin, their period of occurrence and their compliance with the legislation relating to their recovery. The ability of the SNCB Group to recover deferred tax assets is assessed through an analysis which is mainly based on business plans and the uncertainty surrounding economic conditions and uncertainties in the markets in which the SNCB Group operates. Given the various uncertainties described above, a time horizon of three years is used by the SNCB Group in its analysis. The underlying assumptions of this analysis are reviewed annually.

3.7 Provisions

Provisions for soil decontamination

The provisions for soil decontamination cover the costs that the SNCB Group has to support, legally or in the interests of her general policy, to deliver soil certificates or to fulfil

decontamination obligations. This provision is ventilated per nature of expense and per site and is calculated on the basis of techniques used for the decontamination of the environment and on the basis of the best estimates of the SNCB Group in terms of costs and timing of the realisation.

Provisions for legal disputes

The provision for legal disputes corresponds to the present value of the best estimate of the outflow of resources embodying economic benefits as a consequence of the legal disputes instituted against the SNCB Group. It is adapted at the closing date based on a re-estimation by the legal services of the SNCB Group of the risks incurred within the framework of the ongoing disputes and the present value of the expected future cash flows according to the IRS curve.

Note 4 – Consolidation scope of the SNCB Group

The fully consolidated subsidiaries of the SNCB Group are the following:

Name	Share of voting rights in % at 31 December		Share of equity holders of non-controlling interest in the voting right in %		Net result (consolidated) attributed to the non-controlling holders		Headquarters location	Company/VAT number
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015		
Blue Mobility	51,83	51,83	48,17	48,17	22.388,63	5.801,09	Anvers	BE 0832.369.965
B-Parking	100,00	100,00	0,00	0,00	0,00	0,00	Brussels	BE 0899.438.834
De Leew e II	100,00	100,00	0,03	0,03	-20,97	-22,11	Brussels	BE 0476.491.021
Euro Immo Star	(*) -	100,00	(*) -	0,03	-	737,68	Brussels	BE 0451.777.894
Eurogare	75,00	75,00	25,00	25,00	65.641,27	40.180,36	Liège	BE 0451.150.562
Eurostation	99,97	99,97	0,03	0,03	4.616,87	-2.082,77	Brussels	BE 0446.601.757
Foncière Rue de France	(**) -	100,00	(**) -	0,00	-	0,00	Brussels	BE 0433.939.101
Railtour	95,44	95,44	4,56	4,56	6.382,43	3.652,71	Brussels	BE 0402.698.765
Schelde-Landschaps park (SLP)	50,00	50,00	50,02	50,02	1.542,06	-31.297,13	Bornem	BE 0824.816.833
SOBRU	100,00	100,00	0,03	0,03	23,55	18,69	Brussels	BE 0830.459.758
South Station	(**) -	100,00	(**) -	0,02	-	77,92	Brussels	BE 0896.513.095
SPV LLN	100,00	100,00	0,00	0,00	0,00	0,00	Brussels	BE 0826.478.107
Train World	100,00	100,00	0,00	0,00	0,00	0,00	Brussels	BE 0632.739.017
Transurb	92,00	92,00	8,00	8,00	-27.057,23	-8.083,82	Brussels	BE 0413.393.907
YPTO	100,00	100,00	0,00	0,00	0,00	0,00	Brussels	BE 0821.220.410

(*) Entities absorbed by Eurostation

(**) Entities absorbed by the SNCB

The following events concerning the subsidiaries took place in 2016 within the SNCB Group:

- ❖ Before 2016 the commercial exploitation in and around the station of Brussels-South was partially secured by the Eurostation Group and partially by the SNCB. As of 1 January 2016, the Eurostation Group has been restructured to centralise the management of the concessions completely inside the SNCB. De following operations took place:
 - merger by acquisition of Euro Immo Star by Eurostation;

- sale by Eurostation (and therefore by Euro Immo Star) of the activity “Concessions Brussels-South” to the SNCB, and thus breaking the agreement of the in 1992 concluded agreement between Eurostation and the SNCB;
 - merger by acquisition of South Station by the SNCB. The Company was 100% owner of the Eurostation Group;
- ❖ At 1 January 2016, the SNCB proceeded to a merger by acquisition of Foncière Rue de France.
 - ❖ As a consequence of the acquisition of Euro Immo Star, Eurostation is a 100% shareholder of SOBRU and De Leewe II.
- Eurostation has sold at the end of March 2016 a share of each to the SNCB respectively for 1.126,04 EUR and 4.747,45 EUR.

The entities of the SNCB Group accounted for under the equity method are the following:

Name	Share of voting rights in % at 31 December		Share of equity holders of non-controlling interest in the voting right in %		Net result (consolidated) attributed to the non-controlling holders		Headquarters location	Company/VAT number
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015		
Albatros Development	-	10,00	-	0,00	-	-2,45	Antwerp	BE 0836.362.704
ATO	50,00	50,00	0,00	0,00	0,00	0,00	Antwerp	BE 0882.650.114
Belgian Mobility Card	18,60	25,00	0,00	0,00	0,00	0,00	Brussels	BE 0822.658.483
Belgorail	33,33	33,33	2,67	2,67	9.762,03	1.396,81	Brussels	BE 0865.739.846
BeNe Rail International	50,00	50,00	0,00	0,00	0,00	0,00	Brussels	BE 0479.863.354
Eurofima Joint-Stock Cie (Swiss law)	9,80	9,80	0,00	0,00	0,00	0,00	Bâle	-
Group B-Logistics	31,12	31,12	0,00	0,00	0,00	0,00	Brussels	BE 0822.966.806
Hasselt stations omgeving	50,00	50,00	0,02	0,02	87,70	-2,54	Hasselt	BE 0862.570.223
K. EUR Development	50,00	-	0,02	-	-0,86	-	Antwerp	BE 0651.617.195
Liège Container Terminal	-	50,00	-	0,00	-	0,00	Fémalle	BE 0878.226.320
Optimobil Belgium	24,01	24,01	0,00	0,00	0,00	0,00	Brussels	BE 0471.868.277
Publifer	50,00	50,00	0,00	0,00	0,00	0,00	Brussels	BE 0402.695.993
Railteam (Dutch law)	10,00	10,00	0,00	0,00	0,00	0,00	Amsterdam	NL 818547182B01
Terminal Athus	25,42	25,42	0,00	0,00	0,00	0,00	Athus	BE 0419.149.074
Thalys International	28,00	28,00	0,00	0,00	0,00	0,00	Brussels	BE 0455.370.557
THI Factory	40,00	40,00	0,00	0,00	0,00	0,00	Brussels	BE 0541.696.005
Tuc Rail	25,00	25,00	2,00	2,00	6.506,53	8.964,20	Brussels	BE 0447.914.029
HR Rail	20,00	20,00	0,00	0,00	0,00	0,00	Brussels	BE 0541.691.352

(*) 49% of equity held but 20% of the voting rights based upon a shareholders agreement. The equity method takes into account the percentage held of 49%

(**) Subsidiaries classified as non current assets held for sale and associated liabilities at 31 December 2016.

(***) 18,60% of the equity held, but 25% of the voting rights (unanimous vote). The equity method takes into account the percentage held of 18,60%

The following events concerning the entities accounted for under the equity method took place in 2016 within the SNCB Group:

- ❖ During the first trimester 2016 there has been proceeded to two capital increases of Belgian Mobility Card, joint-venture specialised in the conceptualization and development of a joint ticketing system for tickets. The SNCB was already shareholder for 25% of this company together with STIB, TEC and De Lijn. In order to

secure the financing of the activities of Belgian Mobility Card each shareholder has, in proportion to its percentage held, underwritten an increase in capital of 1.131.600 € (i.e. 282.900,00 € per shareholder). The STIB has in addition contributed in kind 411.127,50 € and the percentage held of the SNCB in this joint-venture decreased as a consequence to 18,60%, while her percentage in voting rights remained 25%, unanimity was required for this decision. The equity method takes into account a percentage held of 18,60%.

- ❖ At the end of March 2016, Eurostation established a new joint-venture together with the company Karios: **K. EUR Development NV**. This company, with equity of 1 Mio EUR, registered and paid for by each shareholder for 50%, accounted for under the equity method since 2016.

Furthermore Eurostation has sold at the end of June 2016 its participation in Albatros Development (10%). This company leaves the consolidation scope.

- ❖ During the second semester of 2016 the SNCB has sold her share in the company accounted for under equity method, to the company Novandi (outside the Group) for the price of 1.100.000 EUR plus a variable part (earn out) of maximum 200.000 EUR in function of the result of an ongoing dispute. This company leaves the consolidation scope.
- ❖ As a consequence of the decision of the SNCB to lose control of her participations in ATO and Terminal Athus, their equity values have been transferred at 31 December 2016 to non-current assets held for sale (see note 15 Non-current assets held for sale).
- The following events occurred within the SNCB Group in 2016 without impact on the consolidation scope:
 - ❖ The company RailLink, a Dutch company jointly established with other European railway operators, of which the SNCB holds 10%, has been liquidated at the end of 2016. This sleeping company was not consolidated.

- ❖ In September 2016, the Historic Heritage Foundation has been liquidated (not consolidated). The positive balance as a result of this liquidation has been the object of a free contribution of universality in the not-for profit association Train World.

Note 5 – Intangible assets

5.1 Intangible assets

	31/12/2016	31/12/2015
Goodwill	0,00	0,00
Intangible assets - other - internally generated	256.544.163,62	262.032.032,65
Intangible assets - other - acquired from third parties	1.043.064,65	1.744.431,51
Carrying value	257.587.228,27	263.776.464,16

Other than goodwill	31/12/2016	31/12/2015
Intangible assets financed by grants	246.347.005,80	250.590.516,63
Intangible assets not financed by grants	11.240.222,47	13.185.947,53
Carrying value	257.587.228,27	263.776.464,16

Of which:

	31/12/2016	31/12/2015
SNCB	256.568.223,86	262.086.989,78
Subsidiaries	1.019.004,41	1.689.474,38
Carrying value	257.587.228,27	263.776.464,16

5.1.1 Intangible assets – Goodwill

	Goodwill - intégration globale	Goodwill - autres	Total
	Notes		
Carrying value at 1 January 2015	0,00	0,00	0,00
Individual acquisitions			0,00
Acquisitions through business combinations			0,00
Disposals			0,00
Transfer to			
non-current assets held for sale			0,00
other categories within the section			0,00
other			0,00
Impairment losses			0,00
Change in the consolidation scope (out)			0,00
Exchange differences			0,00
Other movements			0,00
Carrying value at 31 December 2015	0,00	0,00	0,00
Carrying value at 1 January 2016	0,00	0,00	0,00
Individual acquisitions			0,00
Acquisitions through business combinations			0,00
Disposals			0,00
Transfer to			
non-current assets held for sale			0,00
other categories within the section			0,00
other			0,00
Impairment losses			0,00
Change in the consolidation scope - Acquisition value	-4.216.256,56		-4.216.256,56
Change in the consolidation scope - Accumulated amortization	4.216.256,56		4.216.256,56
Exchange differences			0,00
Other movements			0,00
Carrying value at 31 December 2016	0,00	0,00	0,00

The change in the consolidation scope in 2016 concerns the goodwill recognized relating to the participation in Foncière Rue de France, previously acquired by the SNCB.

	Goodwill - intégration globale	Goodwill - autres	Total
At 31 December 2015			
Acquisition value	53.808.018,47		53.808.018,47
Accumulated impairment losses	-53.808.018,47		-53.808.018,47
Carrying value at 31 December 2015	0,00	0,00	0,00
At 31 December 2016			
Acquisition value	49.591.761,91		49.591.761,91
Accumulated impairment losses	-49.591.761,91		-49.591.761,91
Carrying value at 31 December 2016	0,00	0,00	0,00

5.1.2 Intangible assets – Other

	Internally generated			Acquired from third parties		
	Softwares	Others	Total	Softwares	Others	Total
Carrying value at 1 January 2015	267.967.172,71	1.000,00	267.968.172,71	2.219.355,45	474.195,00	2.693.550,45
Individual acquisitions	2.834.885,75		2.834.885,75	185.850,11		185.850,11
Internally generated	35.993.084,16		35.993.084,16	12.864,80		12.864,80
Borrowing cost			0,00			0,00
Disposals	-61.745,63		-61.745,63			0,00
Transfer to			0,00			0,00
non-current assets held for sale			0,00			0,00
other categories within the section			0,00			0,00
to/from intangible/tangible properties			0,00	75.895,61		75.895,61
other			0,00		27.786,24	27.786,24
Impairment losses	-7.516,17		-7.516,17		-300.000,00	-300.000,00
Reversal of impairment losses			0,00			0,00
Amortization of the period	-42.678.682,24	-1.000,00	-42.679.682,24	-961.818,90	-15.000,00	-976.818,90
Exchange differences			0,00			0,00
Cancelled (decommissioning)	-209.469,21		-209.469,21		-64.678,00	-64.678,00
Change in scope	-1.805.696,72		-1.805.696,72	89.981,20		89.981,20
Other movements			0,00			0,00
Carrying value at 31 December 2015	262.032.032,65	0,00	262.032.032,65	1.622.128,27	122.303,24	1.744.431,51
Carrying value at 1 January 2016	262.032.032,65	0,00	262.032.032,65	1.622.128,27	122.303,24	1.744.431,51
Individual acquisitions	6.900.905,44		6.900.905,44	71.089,38	25.209,96	96.299,34
Internally generated	36.487.543,95		36.487.543,95	9.504,13		9.504,13
Borrowing cost			0,00			0,00
Disposals			0,00		-9.555,00	-9.555,00
Transfer to			0,00			0,00
non-current assets held for sale			0,00		-120.000,00	-120.000,00
other categories within the section			0,00			0,00
to/from intangible/tangible properties	-29.881,93		-29.881,93		18.214,50	18.214,50
other			0,00			0,00
Impairment losses	-864.850,02		-864.850,02			0,00
Reversal of impairment losses			0,00			0,00
Amortization of the period	-47.981.586,47		-47.981.586,47	-695.829,83		-695.829,83
Exchange differences			0,00			0,00
Cancelled (decommissioning)			0,00			0,00
Change in scope			0,00			0,00
Other movements			0,00			0,00
Carrying value at 31 December 2016	256.544.163,62	0,00	256.544.163,62	1.006.891,95	36.172,70	1.043.064,65

The other transfers of intangible assets in 2016 (18.214,50 EUR) are related to the green certificates received by the SNCB as a consequence of the installation of solar panels. In 2016, 177 green certificates have been sold for 9.555,00 EUR.

	Internally generated			Acquired from third parties		
	Software	Others	Total	Software	Others	Total
At 31 December 2015						
Acquisition value	456.987.551,41	5.000,00	456.992.551,41	8.249.237,06	899.797,69	9.149.034,75
Accumulated amortization	-191.171.555,90	-5.000,00	-191.176.555,90	-6.047.257,65	-177.494,45	-6.224.752,10
Accumulated impairment losses	-3.783.962,86		-3.783.962,86	-579.851,14	-600.000,00	-1.179.851,14
Carrying value at 31 December 2015	262.032.032,65	0,00	262.032.032,65	1.622.128,27	122.303,24	1.744.431,51
At 31 December 2016						
Acquisition value	500.346.118,87	5.000,00	500.351.118,87	8.329.830,57	813.667,15	9.143.497,72
Accumulated amortization	-239.153.142,37	-5.000,00	-239.158.142,37	-6.743.087,48	-177.494,45	-6.920.581,93
Accumulated impairment losses	-4.648.812,88		-4.648.812,88	-579.851,14	-600.000,00	-1.179.851,14
Carrying value at 31 December 2016	256.544.163,62	0,00	256.544.163,62	1.006.891,95	36.172,70	1.043.064,65

5.1.3 Other intangible assets – finance leases

	Software	Others	Total in finance lease
At 31 December 2015			
Acquisition value	1.059.956,16		1.059.956,16
Accumulated amortization	-423.982,46		-423.982,46
Accumulated impairment losses	0,00		0,00
Carrying value at 31 December 2015	635.973,70	0,00	635.973,70
At 31 December 2016			
Acquisition value	1.059.956,16		1.059.956,16
Accumulated amortization	-635.973,69		-635.973,69
Accumulated impairment losses	0,00		0,00
Carrying value at 31 December 2016	423.982,47	0,00	423.982,47

Software held as financial lease at the end of 2016 and 2015 relate to the subsidiary YPTO.

5.1.4 Other information related to intangible assets

Carrying value of intangible assets	31/12/2016	31/12/2015
Acquired through grants		
Softwares - internally generated	246.333.908,30	250.537.862,74
Softwares - acquired from third parties	13.097,50	52.653,89
Total	246.347.005,80	250.590.516,63

As per 31 December 2016, 95,6% of the intangible assets of the SNCB Group are acquired through government grants. Total amount of subsidised intangible assets principally relates to SNCB (96,0% of the intangible assets of the SNCB are subsidised).

Intangible assets not ready for use amount to 89.093.502,73 EUR as per 31 December 2016 (of which 85.919.623,74 EUR is funded by government grants) and to 99.431.354,27 EUR as per 31 December 2015 (of which 92.249.033,41 EUR is funded by government grants).

The SNCB Group has no intangible assets with indefinite useful lives.

Note 6 – Property, plant and equipment

6.1 Property, plant and equipment

	Land	Buildings	Railway infrastructure	Railway rolling stock	Plant and various equipment	Assets under construction	Total
Carrying value at 1 January 2015	585.522.458,45	850.343.140,90	43.962.149,98	4.036.556.018,33	190.961.427,35	685.140.629,44	6.392.485.824,45
Individual acquisitions		144.250,04		624.160,95	544.369,22	480.558.517,83	481.871.298,04
Acquisitions through business combinations							0,00
Internally generated					256.988,48	203.503.807,88	203.760.796,36
Borrowing cost						153.937,87	153.937,87
Disposals		-944,84		-623.148,37	-63.291,44		-687.384,65
Transfer to							
non-current assets held for sale	-2.285.245,99	-1.365,46		-16.666.144,83	-385.718,93	-1.180.455,11	-20.518.930,32
other category within this class	54.004,69	30.828.557,05	4.243.812,24	294.622.005,76	28.320.272,87	-358.068.652,61	0,00
to/from property, plant and equipment/intangible assets/investment property	311.992.154,55	-61.010.112,36			2.166.806,20	-13.461.451,39	239.687.397,00
other	-2.162,88				1.236,29	-10.000.000,00	-10.000.926,59
Impairment losses		-895.577,31		-31.841.680,33	-611.015,39		-33.348.273,03
Reversal of impairment losses							0,00
Depreciation		-45.789.711,02	-2.451.893,60	-241.156.597,14	-27.367.294,38		-316.765.496,14
Exchange differences							0,00
Cancelled (decommissioning)		-1.144,95			-17.015,00	-188.659,00	-206.818,95
Excess		188.607,34			5.050,59		193.637,93
Change in scope		151.755,08	58.072,77	-6.734.044,46	418.314,26	817.396,85	-5.288.505,50
Other							0,00
Carrying value at 31 December 2015	895.281.208,82	773.957.454,47	45.812.141,39	4.034.780.569,91	194.230.110,12	987.275.071,76	6.931.336.556,47
Carrying value at 1 January 2016	895.281.208,82	773.957.454,47	45.812.141,39	4.034.780.569,91	194.230.110,12	987.275.071,76	6.931.336.556,47
Individual acquisitions		577.159,32			513.585,13	285.251.538,80	286.342.283,25
Acquisitions through business combinations							0,00
Internally generated					26.590,88	195.912.456,33	195.939.047,21
Borrowing cost						66.004,62	66.004,62
Disposals							0,00
Transfer to							
non-current assets held for sale	-4.689.136,21	-17.995.921,81	-454.226,74	-4.073.521,68	-611.912,73	-936.465,88	-28.761.185,05
other category within this class	227.443,07	211.566.233,78	11.454.551,01	131.689.738,73	39.860.062,62	-394.798.029,21	0,00
from/to intangible assets and investment property	-19.971.256,68	-1.503.496,45		29.881,93	669.758,95	-6.042.537,23	-26.817.649,48
other					-17.873,70	8.072.473,83	8.054.600,13
Impairment losses	-86.644.172,93	-1.062.303,98	-49.495,56	-32.947.963,19	-3.153.173,60		-123.857.109,26
Reversal of impairment losses							0,00
Depreciation		-45.318.678,63	-2.843.506,67	-246.110.173,63	-28.638.080,25	0,00	-322.910.439,18
Exchange differences							0,00
Cancelled (decommissioning)							0,00
Excess		132.559,50	690.923,22		30.334,29		853.817,01
Change in scope							0,00
Other	71.012,89	7.675.816,72					7.746.829,61
Carrying value at 31 December 2016	784.275.098,96	928.028.822,92	54.610.386,65	3.883.368.532,07	202.909.401,71	1.074.800.513,02	6.927.992.755,33

In 2016, purchases of property, plant and equipment are mainly done by the SNCB and relate to the revision/modernisation of rolling stock for 104.491.337,46 EUR, the acquisition of M7 material for 77.799.590,75 EUR and the acquisition of engines T18 for 18.311.021,13 EUR. They include as well the realised investments for the new workplaces of Melle, Kinkempois and Arlon.

The transfers of land in 2016 from land to investment property include principally the land of Main-Hub in Antwerp North for 13.645.546,61 EUR for which the SNCB has signed a lease with IFB on 1 October 2016.

The impairment losses recognized on land in 2016 for the amount of 86.644.172,93 EUR concern only the land of the SNCB. Indeed, the impairment losses on land which are the object of a valuation at fair value during the transition to IFRS at 1 January 2014 for a total amount of 145.893.397,94 EUR at 31 December 2016. This amount includes land classified within property, plant and equipment for 86.644.172,93 EUR, land classified within investment property for 58.528.141,93 EUR and land classified within non-current assets

held for sale for 721.083,08 EUR. An impairment test has been realised by the SNCB in 2016, in accordance with IAS 36, when the fair value is lower than the carrying value, an impairment loss is recognized in the IFRS consolidated financial statements. These impairment losses principally relate to changes in estimates according to IAS 8 and IFRS 13 since they are mainly the result of improvements in measurement techniques.

	Land	Buildings	Railway infrastructure	Railway rolling stock	Plant and various equipment	Assets under construction	Total
At 31 December 2015							
Acquisition value	895.282.308,28	1.476.788.713,14	150.057.450,10	6.529.978.607,81	574.577.024,38	987.275.071,76	10.613.959.175,47
Accumulated amortization		-694.889.383,93	-87.031.654,42	-2.487.698.756,13	-372.209.177,88		-3.641.828.972,36
Accumulated impairment losses	-1.099,46	-7.941.874,74	-17.213.654,29	-7.499.281,77	-8.137.736,38		-40.793.646,64
Carrying value at 31 December 2015	895.281.208,82	773.957.454,47	45.812.141,39	4.034.780.569,91	194.230.110,12	987.275.071,76	6.931.336.556,47
At 31 December 2016							
Acquisition value	868.409.579,76	1.672.474.197,68	159.970.505,63	6.547.071.905,74	593.500.511,59	1.074.800.513,02	10.916.227.213,42
Accumulated amortization		-737.008.277,76	-88.116.155,77	-2.654.916.938,30	-382.560.232,92		-3.862.601.604,75
Accumulated impairment losses	-84.134.480,80	-7.437.097,00	-17.243.963,21	-8.786.435,37	-8.030.876,96		-125.632.853,34
Carrying value at 31 December 2016	784.275.098,96	928.028.822,92	54.610.386,65	3.883.368.532,07	202.909.401,71	1.074.800.513,02	6.927.992.755,33

Of which:

	31/12/2016	31/12/2015
SNCB	6.887.400.470,51	6.891.567.606,68
Subsidiaries	40.592.284,82	39.768.949,79
Carrying value	6.927.992.755,33	6.931.336.556,47

As per 31 December 2016 SNCB holds 99,4% of the total consolidated property, plant and equipment.

The capitalisation rate used to determine the amounts of borrowing costs eligible for capitalisation under property, plant and equipment amounts to 2,30% in 2016 and 2,70% in 2015..

6.2 Property, plant and equipment: finance leases

The SNCB Group holds the following assets, included in the total of property, plant and equipment under finance lease contracts:

	Buildings	Operating equipment
At 31 December 2015		
Acquisition value	7.899.468,57	282.186,63
Accumulated amortization	-990.942,58	-282.186,63
Accumulated impairment losses	-5.959.691,46	
Carrying value at 31 December 2015	948.834,53	0,00
At 31 December 2016		
Acquisition value	15.502.546,24	282.186,63
Accumulated amortization	-1.841.801,71	-282.186,63
Accumulated impairment losses	-5.959.691,46	
Carrying value at 31 December 2016	7.701.053,07	0,00

The buildings under finance leases are held by the SNCB.

6.3 Other information related to property, plant and equipment

Carrying value of property, plant and equipment	31/12/2016	31/12/2015
Whose ownership is subject to restriction given guarantee for debts	2.243.337.117,73	1.821.337.177,15
Total	2.243.337.117,73	1.821.337.177,15

Property, plant and equipment given as collateral for debts are mainly held by SNCB. They mainly include rolling stock (2.191.260.886,75 EUR in 2016; 1.766.954.484,63 EUR in 2015) and to a lesser extent, administrative buildings (52.076.230,98 EUR in 2016; 47.392.904,41 EUR in 2015).

Carrying values of property, plant and equipment	31/12/2016	31/12/2015
Acquired through grants		
Land	40.520.901,42	40.413.453,68
Buildings	851.000.518,16	699.857.963,66
Railway infrastructure	43.200.049,40	33.911.580,05
Railway rolling stock	3.530.593.815,20	3.636.488.794,34
Plant and various equipment	164.923.894,20	151.673.884,69
Assets under construction	1.026.718.210,74	948.537.216,72
Total	5.656.957.389,12	5.510.882.893,14

As per 31 December 2016, 81,6% (79,5%) property, plant and equipment is funded by government grants which fully relate to the SNCB.

Note 7 – Investment property

7.1 Investment property

	Land	Buildings	Total
Note			
Carrying value at 1 January 2015	682.238.412,76	15.098.313,82	697.336.726,58
Acquisitions through business combinations			0,00
Internally generated		1.554,12	1.554,12
Disposals			0,00
Borrowing cost			0,00
Transfer to			0,00
non-current assets held for sale	-1.473.243,22	-30.426,25	-1.503.669,47
intangible and tangible assets	-311.897.147,92	72.133.855,31	-239.763.292,61
stocks			0,00
other	131.092,56		131.092,56
Impairment losses	-2.680,14		-2.680,14
Reversal of impairment losses			0,00
Depreciation		-8.653.891,82	-8.653.891,82
Exchange differences			0,00
Excess		475.716,16	475.716,16
Other			0,00
Carrying value at 31 December 2015	368.996.434,04	79.025.121,34	448.021.555,38
Carrying value at 31 December 2016	368.996.434,04	79.025.121,34	448.021.555,38
Acquisitions through business combinations	471.404,38	2.039.233,29	2.510.637,67
Internally generated		5.398,60	5.398,60
Disposals	-101.754,96	-4.025.704,99	-4.127.459,95
Borrowing cost			0,00
Transfer to			0,00
non-current assets held for sale	-5.245.205,19	-13.585,60	-5.258.790,79
intangible and tangible assets	19.297.843,09	7.549.688,32	26.847.531,41
other category within this class	492,85	-492,85	0,00
other	719.977,19		719.977,19
Impairment losses	-58.530.822,07	-1.422,92	-58.532.244,99
Reversal of impairment losses			0,00
Depreciation		-4.150.869,90	-4.150.869,90
Exchange differences			0,00
Excess			0,00
Other			0,00
Carrying value at 31 December 2016	325.608.369,33	80.427.365,29	406.035.734,62

The other transfers in 2016 are related to the SNCB, mainly land of the new tram depot in Ostende (718.734,00 EUR) given in lease to De Lijn for a 15 year period. In 2013 a co-operation was signed between De Lijn and the SNCB for the construction and financing of a new tram depot in Ostende. The land (and buildings) was made available to De Lijn on 31 Mai 2016.

The impairment losses recognized on investments in land in 2016 almost only relate to land of the SNCB (for 58.528.141,93 EUR). As per 31 December 2016 impairment losses have been recognized on land that has been the subject of a measurement at fair value at the

moment of transition to IFRS on 1 January 2014 (see note 6.1 Property, plant and equipment).

	Land	Buildings	Total
At 31 December 2015			
Acquisition value	369.036.636,14	224.084.752,52	593.121.388,66
Accumulated amortization		-142.158.534,34	-142.158.534,34
Accumulated impairment losses	-40.202,10	-2.901.096,84	-2.941.298,94
Carrying value at 31 December 2015	368.996.434,04	79.025.121,34	448.021.555,38
At 31 December 2016			
Acquisition value	379.566.783,46	200.024.631,79	579.591.415,25
Accumulated amortization		-116.228.260,04	-116.228.260,04
Accumulated impairment losses	-53.958.414,13	-3.369.006,46	-57.327.420,59
Carrying value at 31 December 2016	325.608.369,33	80.427.365,29	406.035.734,62

As per 31 December 2016 the SNCB holds 99,3% (403.331.250,62 EUR of a total of 406.035.734,62 EUR) of total consolidated investment property. The remaining part is held by its subsidiaries Eurostation (2.579.336,26 EUR) and Euro gare (125.147,74 EUR).

7.2 Other information related to investment property

There is no investment property that is pledged as security for debts.

Carrying value of Investment properties	31/12/2016	31/12/2015
Acquired through grants		
<i>Land</i>	499.270,55	494.008,39
<i>Buildings</i>	67.123.036,15	67.790.887,27
Total	67.622.306,70	68.284.895,66

As per 31 December 2016, 16,7% of the investment property is funded by government grants and is only related to the SNCB.

Total rental income and expenses recognized in the income statement of SNCB Group can be detailed as follows:

Recognized in income for the period ending	31/12/2016	31/12/2015
Rental income	25.669.067,79	26.679.289,12
Direct operating expenses	11.525.408,43	7.103.022,63

The investment properties of the SNCB Group relate to land and buildings that are fully or partially leased under operating lease agreements.

	31/12/2016			31/12/2015		
	Lands	Buildings	Total	Lands	Buildings	Total
Cost	195.987.284,44	85.469.639,05	281.456.923,49	141.879.867,51	200.143.502,91	342.023.370,42
Accumulated depreciation at 1 January		-46.314.421,77	-46.314.421,77		-116.405.382,03	-116.405.382,03
Depreciation of the year		-3.200.420,67	-3.200.420,67		-6.104.197,43	-6.104.197,43
Carrying value at 31 December	195.987.284,44	35.954.796,61	231.942.081,05	141.879.867,51	77.633.923,45	219.513.790,96

Fair value of investment property

The fair value has been determined based on two main methods. Land around stations and for which development plans exist, have been valued either based on market comparable, or based on present value of estimated future cash flows, considering the most favourable use of the land, and taking into account realistic and prudent assumption on their potential use. Other plots of land have been valued based on market comparable, i.e. based on recent transactions with third parties. Depending on the nature of the land, adjustments have been made to reflect the specificities of the land used for railway activities, as these specificities have not necessarily been taken into account in market prices for general transactions. These valuations are level 2 valuations (based on market data relative to the asset, other than data observable on active markets) or level 3 valuations (based on non-observable data relative to the asset).

The fair value of buildings is determined based on annual net rents (to which a rate of return is applied) in respect of buildings that are occupied (rented), and based on the average selling price less costs to sell for the last five years in respect of buildings that are not occupied (rented).

	Land	Buildings	Total
Fair value as at 31 December 2015	372.323.786,06	459.253.314,02	831.577.100,08
Fair value as at 31 December 2016	325.608.369,33	499.318.470,04	824.926.839,37

Note 8 – Interests under equity method

8.1 Interests under equity method

		31/12/2016	31/12/2015
	Notes		
Interests in joint ventures	8.2	7.654.800,43	10.916.522,99
Investments in associated companies	8.3	349.844.419,12	357.399.507,61
Carrying value		357.499.219,55	368.316.030,60

8.2 Interests in joint ventures

At 31 December 2016, the interests in joint ventures are as follows:

Name	Share in voting rights in %		Location of Head Office	VAT/Company number	Activities
	31.12.2016	31.12.2015			
ATO *	50,00	50,00	Antwerp	BE 0882.650.114	Logistics
Belgian Mobility Card	18,60	25,00	Brussels	BE 0822.658.483	Single transport ticket administrator
BeNe Rail International	50,00	50,00	Brussels	BE 0479.863.354	ICT (distribution international tickets)
K. EUR Development	50,00	-	Antwerp	BE 0651.617.195	Projects / studies real estate
Liège Container Terminal	-	50,00	Flémalle	BE 0878.226.320	Logistics
Publifer	50,00	50,00	Brussels	BE 0402.695.993	Commercial advertising on railway property
Thalys International	28,00	28,00	Brussels	BE 0455.370.557	International transport
Tuc Rail	25,00	25,00	Brussels	BE 0447.914.029	Consulting firm

Transfer to non-current assets held for sale and associated liabilities at 31 December 2016

The table below provides information on the movements of the interests in joint ventures:

	31/12/2016	31/12/2015
Carrying value at beginning of period	10.916.522,99	10.206.896,45
Business Combinations		
Changes in scope:		
enter in consolidation scope	250.000,00	
leave in consolidation scope	-1.324.871,75	
additional subscriptions and loss of control (BMC)	278.385,47	
Dividends paid	-250.000,00	-308.786,26
Share in the net result of Interests under equity method	1.116.908,83	1.043.510,40
Share in the other comprehensive income of interests under equity method		
Other variations		
transfers to non-current assets held for sale	-3.332.145,10	
transfer to associated companies (note 8.3)		-25.097,60
roundings	-0,01	
Carrying value at end of period	7.654.800,43	10.916.522,99

The entering in the consolidation scope of 250.000,00 EUR concerns the participation of Eurostation in the new joint venture K. EUR Development.

The leaving of the consolidation scope of 1.324.871,75 EUR relates to the joint venture Liège Container Terminal sold outside the Group in 2016.

The other changes in consolidation scope of 278.385,47 EUR relate to the joint venture Belgian Mobility Card: the SNCB has underwritten a first increase in capital amounting to its proportion held of 25%, this is 282.900,00 EUR of additional underwriting. She has not participated to the second increase in capital and her percentage held decreased to 18,60% which results in a decrease in equity value of BMC of 4.514,53 EUR.

The transfers to non-current assets held for sale for 3.332.145,10 EUR mainly concern the participation in ATO as a consequence of the decision of the SNCB to lose control (see note 15. Non-current assets held for sale and associated liabilities).

The SNCB Group's share in the financial statements and net income of the relevant joint ventures as per 31 December 2016 is as follows:

	31/12/2016					
	BeNe RI	Publifer	Tuc Rail	Thalys International	Other Joint Ventures	Total
Share in the financial statement position of companies using the equity method						
Current assets	5.947.200,88	3.321.775,70	40.952.242,92	2.137.910,20	17.214.042,56	69.573.172,26
Non-current assets	2.820.434,25	288.489,05	2.229.861,62	278.874,67	70.041,78	5.687.701,37
Current liabilities	-4.567.653,63	-2.636.998,73	-33.874.703,41	-1.577.167,49	-16.717.012,49	-59.373.535,75
Non-current liabilities			-8.140.024,53	-92.512,92		-8.232.537,45
Net assets	4.199.981,50	973.266,02	1.167.376,60	747.104,46	567.071,85	7.654.800,43
WHICH:						
Additional information (IFRS 12)						
Cash & Cash Equivalents	2.457.480,81	683.158,40	975.947,66	1.137.949,64	2.755.450,92	8.009.987,43
Current financial liabilities	250.000,00					250.000,00
Non-current financial liabilities						0,00
Share of profit of investments accounted for using the equity method						
Income	12.605.170,43	4.776.963,27	27.146.805,89	4.337.926,72	232.562,65	49.099.428,96
Expenses	-12.498.791,07	-4.428.482,47	-27.065.474,25	-4.248.162,00	-227.321,00	-48.468.230,79
Net Income	106.379,36	348.480,80	81.331,64	89.764,72	5.241,65	631.198,17
Unrealised result	0,00	0,00	0,00	0,00	0,00	0,00
WHICH:						
Additional information (IFRS 12)						
Additions to depreciation, amortization and impairment losses	1.512.038,31	37.355,54	634.472,67	181.587,48	17.478,22	2.382.932,22
Financial income	25,09	232,85	6.890,30	1.701,81		8.850,05
Financial charges	10.123,21	2.331,52	71.015,47	6.325,13	746,89	90.542,22
Taxes on net income		191.921,31	224.058,66	75.800,84	2.990,57	494.771,38

The SNCB Group's share in the financial statements and net income of the relevant joint ventures as per 31 December 2015 is as follows:

31/12/2015						
	BeNe RI	Publifer	Tuc Rail	ATO	Autres Co-entreprises	Total
Share in the financial statement position of companies using the equity method						
Current assets	6.052.677,90	2.969.225,02	33.184.970,71	1.566.131,25	4.375.074,34	48.148.079,22
Non-current assets	3.436.465,25	318.956,20	2.769.979,32	2.487.302,80	1.829.319,65	10.842.023,22
Current liabilities	-5.395.541,01	-2.409.165,87	-28.917.682,38	-1.153.244,77	-4.054.547,71	-41.930.181,74
Non-current liabilities		-4.230,12	-5.951.222,68		-187.944,91	-6.143.397,71
Net assets	4.093.602,14	874.785,23	1.086.044,97	2.900.189,28	1.961.901,37	10.916.522,99
WHICH:						
Additional information (IFRS 12)						
Cash & Cash Equivalents	3.008.507,83	854.426,96	240.018,47	165.543,42	1.608.406,57	5.876.903,25
Current financial liabilities	600.000,00			19.805,44	866.008,76	1.485.814,20
Non-current financial liabilities					51.038,64	51.038,64
Share of profit of investments accounted for using the equity method						
Income	12.884.758,43	4.696.016,46	28.636.741,23	6.146.854,19	16.184.919,65	68.549.289,96
Expenses	-12.836.234,66	-4.402.603,38	-28.524.688,75	-5.790.564,08	-15.951.688,69	-67.505.779,56
Net income	48.523,77	293.413,08	112.052,48	356.290,11	233.230,96	1.043.510,40
Unrealised result						0,00
WHICH:						
Additional information (IFRS 12)						
Additions to depreciation, amortization and impairment losses	1.926.100,40	71.871,07	654.636,90	477.726,42	81.264,19	3.211.598,98
Financial income	3,28	539,77	13.355,28	3.880,42	84.788,85	102.567,60
Financial charges	17.901,21	2.396,81	114.412,20	4.654,78	35.229,32	174.594,32
Taxes on net income	452,50	154.763,40	285.022,98	186.479,99	145.488,74	772.207,61

8.3 Interests in associates

Name	Share in voting rights in%		Location of Head Office	VAT/Company number	Activities
	31.12.2016	31.12.2015			
Albatros Development	-	10,00	Antwerp	BE 0836.362.704	Property Management
B-Logistics	31,12	31,12	Brussels	BE0822.966.806	Freight
Belgorail	33,33	33,33	Brussels	BE 0865.739.846	Monitoring and certification company within the railway sector
Eurofima Joint-Stock Cie (Swiss law)	9,80	9,80	Basel	-	Financing of rolling stock
Hasselt stationsomgeving	50,00	50,00	Hasselt	BE 0862.570.223	Projects / studies around Hasselt Station
HR Rail	20,00	(*) 20,00	(*) Brussels	BE 0541.691.352	Personnel Management
Optimobil Belgium	24,01	24,01	Brussels	BE 0471.868.277	Car rental
Railteam (Dutch law)	10,00	10,00	Amsterdam	NL 818547182B01	Alliance of European high speed rail operators
TerminalAthus	25,42	(**) 25,42	Athus	BE 0419.149.074	Logistics
THI Factory	40,00	40,00	Brussels	BE 0541.696.005	International transport

(*) HR Rail: 49% of capital held but by shareholders agreement 20% of voting rights. The equity method considers the percentage of ownership of 49%
(**) Transfer to non-current assets held for sale and associated liabilities at 31 December 2016

The table below details the movements of the SNCB Group's interests in associates:

	31/12/2016	31/12/2015
Carrying value at beginning of period	357.399.507,61	115.341.077,59
Contribution of a business as defined in IFRS 3		225.840.000,00
Changes in scope:		
deconsolidation	-265.432,14	
joined the scope of consolidation (B-Logistics Group)		9.336.903,60
Changes in scope		5.154.399,61
Dividends paid	-2.583.746,52	-431.249,49
Share in the net result of Interests under equity method	-1.135.968,61	2.405.537,96
Share in the other comprehensive income of interests under equity method	-1.546.136,22	-272.259,26
Other variations		
transfers to non-current assets held for sale	-2.023.804,99	
transfer of joint ventures		25.097,60
roundings	-0,01	
Carrying value at end of period	349.844.419,12	357.399.507,61

The change in consolidation scope relates to the participation of Eurostation in the joint venture Albatros Development, sold in 2016.

The transfer to non-current assets held for sale relate to the participation in Terminal Athus as a result of the decision of the SNCB to lose control (see note 15. Non-current assets held for sale and associated liabilities).

The share of the SNCB Group in the statement of financial position and total comprehensive income of the relevant associates as per 31 December 2016 is:

	31/12/2016					
	B LOGISTICS	HR Rail	THI Factory	Eurofima	Other Associates	Total
Share in the financial statement position of companies using the equity method						
Current assets	46.027.090,76	226.792.801,64	41.581.808,32	105.803.240,31	2.695.369,66	422.900.310,69
Non-current assets	86.258.898,29	25.340.824,33	231.970.909,69	1.801.692.931,43	149.036,41	2.145.412.600,15
Current liabilities	-38.119.355,50	-210.768.511,20	-43.195.567,89	-6.190.380,65	-1.163.391,78	-299.437.207,02
Non-current liabilities	-39.407.698,03	-30.135.337,19	-3.099.443,70	-1.795.441.209,74	-49.245,05	-1.868.132.933,71
Net assets	(*) 54.758.935,52	11.229.777,58	227.257.706,42	105.864.581,35	1.631.769,24	400.742.770,11

(*) The B-Logistics Group was valued at its fair value on the 7th October 2015, date of loss of control. The share in the financial statement position of the B-Logistics Group is thus not relevant.

WHICH

Additional information (IFRS 12)

Cash & Cash Equivalents	11.589.935,96	56.201.359,89	7.780.111,02	105.102.216,92	1.292.726,99	181.966.350,78
Current financial liabilities		40.513.647,41				40.513.647,41
Non-current financial liabilities				1.679.347.584,45		1.679.347.584,45

Share of profit of investments accounted for using the equity method

Income	152.013.697,40	979.799.578,99	178.821.672,18	63.830.096,00	2.655.572,71	1.377.120.617,28
Expenses	-155.846.736,63	-980.731.661,48	-177.552.926,10	-62.368.635,28	-2.228.461,18	-1.378.728.420,67
Net Income	-3.833.039,23	-932.082,49	1.268.746,08	1.461.460,72	427.111,53	-1.607.803,39
Unrealised result	0,00	-1.263.149,48	0,00	-282.986,74	0,00	-1.546.136,22

WHICH

Additional information (IFRS 12)

Additions to depreciation, amortization and impairment losses	10.280.938,90	4.191.888,90	5.571.355,20	86.378,84	27.461,39	20.158.023,23
Financial income	20.867,88	3.741.187,24	7.534,18	62.678.767,40	79,61	66.448.436,31
Financial charges	1.498.391,19	243.308,90	66.854,65	60.709.042,28	13.040,04	62.530.637,06
Taxes on net income	-24.102,01	76.447,58			6.653,63	58.999,20

The share of the SNCB Group in the statement of financial position and total comprehensive income of the relevant associates as per 31 December 2015:

	31/12/2015					
Share in the financial statement position of companies using the equity method						
Current assets	49.796.246,81	215.659.954,08	47.217.964,73	92.857.199,64	8.639.776,95	414.171.142,21
Non-current assets	87.956.212,22	30.408.427,52	219.824.851,30	1.973.487.508,07	499.803,02	2.312.176.802,13
Current liabilities	-38.095.012,51	-201.106.249,46	-35.910.177,59	-1.592.975,42	-2.874.675,54	-279.579.090,52
Non-current liabilities	-40.770.039,10	-31.537.122,58	-3.073.431,58	-1.960.065.624,92	-2.729.344,40	-2.038.175.562,58
Non-current liabilities	-295.432,62					-295.432,62
Net assets	(*) 58.591.974,80	13.425.009,56	228.059.206,86	104.686.107,37	3.535.560,03	408.297.858,62

(*) The B-Logistics Group was valued at its fair value on the 7th October 2015, date of loss of control. The share in the financial statement position of the B-Logistics Group is thus not relevant.

WHICH

Additional information (IFRS 12)

Cash & Cash Equivalents	19.280.327,71	90.296.790,30	11.424.384,73	92.058.627,59	1.920.522,04	214.980.652,37
Current financial liabilities	4.030.513,55	37.722.773,16			227.500,81	41.980.787,52
Non-current financial liabilities	38.886.769,17			1.827.288.254,97	2.575.703,72	1.868.750.727,86

Share of profit of investments accounted for using the equity method

Income	35.926.872,46	1.019.102.470,20	145.322.391,94	73.253.996,86	7.631.865,28	1.281.237.596,74
Expenses	-37.563.096,72	-1.019.755.664,66	-143.128.282,68	-71.082.133,58	-7.295.825,62	-1.278.825.003,26
Share of non controlling interests	-7.055,52					-7.055,52
Net Income	-1.643.279,78	-653.194,46	2.194.109,26	2.171.863,28	336.039,66	2.405.537,96
Unrealised result	0,00	1.212.828,15	0,00	-1.485.087,41	0,00	-272.259,26

WHICH

Additional information (IFRS 12)

Additions to depreciation, amortization and impairment losses	1.657.827,88	4.077.668,49	11.673.515,52	84.597,88	229.804,46	17.723.414,23
Financial income	10.940,84	3.866.472,06	341,82	72.092.260,75	5.683,16	75.975.698,63
Financial charges	1.011.202,76	296.753,99	120.782,14	69.998.417,26	5.406,30	71.432.562,45
Taxes on net income	811,37	373.509,56	1.782.131,07		148.097,77	2.304.549,77

Note 9 – Trade and other receivables

9.1 Trade and other receivables

		Gross amount	31/12/2016 Impairment	Net amount	Gross amount	31/12/2015 Impairment	Net amount
Non-current							
Trade receivables							
		19.317.751,41	0,00	19.317.751,41	2.809.563,83	0,00	2.809.563,83
Receivables on public authorities	35	2.107.172,88		2.107.172,88	2.809.563,83		2.809.563,83
Amounts due from customers for construction contracts	10	10.298.578,53		10.298.578,53	0,00		0,00
Other trade receivables		6.912.000,00		6.912.000,00	0,00		0,00
Other receivables							
		790.214.262,43	-1.291.065,97	788.923.196,46	796.945.484,45	0,00	796.945.484,45
Receivables on public authorities	35	683.091.170,54		683.091.170,54	714.355.613,38		714.355.613,38
Deferred charges		5.500,83		5.500,83	5.960,83		5.960,83
Finance lease receivables		106.360.628,46	-1.291.065,97	105.069.562,49	75.251.031,84		75.251.031,84
Other receivables		756.962,60		756.962,60	7.332.878,40		7.332.878,40
Total (non-current)		809.532.013,84	-1.291.065,97	808.240.947,87	799.755.048,28	0,00	799.755.048,28
Current							
Trade receivables							
		775.173.405,30	-10.114.724,91	765.058.680,39	759.108.992,35	-12.700.980,51	746.408.011,84
Amounts due from customers for construction contracts	10	87.072.266,57		87.072.266,57	107.338.740,12		107.338.740,12
Receivables on public authorities	35	401.055.331,82		401.055.331,82	426.579.234,22	-660.685,02	425.918.549,20
Other trade receivables		287.045.806,91	-10.114.724,91	276.931.082,00	225.191.018,01	-12.040.295,49	213.150.722,52
Other receivables							
		775.165.433,02	-7.079.536,47	768.085.896,55	681.280.923,74	-4.726.000,13	676.554.923,61
Receivables on public authorities	35	137.988.344,09		137.988.344,09	65.923.312,11		65.923.312,11
Deferred charges		118.078.769,33		118.078.769,33	118.048.232,68		118.048.232,68
Accrued income		31.734.042,69		31.734.042,69	74.907.853,29		74.907.853,29
Finance lease receivables		4.809.385,80		4.809.385,80	2.650.282,94		2.650.282,94
Other receivables		482.554.891,11	-7.079.536,47	475.475.354,64	419.751.242,72	-4.726.000,13	415.025.242,59
Total (current)		1.550.338.838,32	-17.194.261,38	1.533.144.576,94	1.440.389.916,09	-17.426.980,64	1.422.962.935,45

	31/12/2016	31/12/2015
Non-current		
SNCB	799.095.232,73	796.806.129,54
Eurostation Group	9.057.890,15	2.858.175,32
Other subsidiaries	87.824,99	90.743,42
Carrying value	808.240.947,87	799.755.048,28
Current		
SNCB	1.413.798.234,18	1.298.745.772,01
Eurostation Group	93.868.895,64	93.381.525,20
Other subsidiaries	25.477.447,12	30.835.638,24
Carrying value	1.533.144.576,94	1.422.962.935,45

Trade and other receivables mainly consist of receivables towards the public authorities (such as the Belgian state and its regions) and amount to 1.224.242.019,33 EUR as per 31 December 2016 of which 1.220.215.358,97 EUR is related to the SNCB. This type of receivables results from grants received in the context of:

- The management contract (financial support such as operating and capital grants);
- Framework of pre-financing contract: "tekort TGV" (31 December 2016: 52.373.779,42 EUR ; 31 December 2015: 53.996.685,85 EUR) and the pre-financing

of rolling stock (31 December 2016: 617.608.692,46 EUR; 31 December 2015: 640.332.935,78 EUR);

- Priority regional projects: Mons Station (31 December 2016: 24.503.099,14 EUR; 31 December 2015: 25.015.929,36 EUR) and SPV LLN (31 December 2016: 28.028.833,11 EUR; 31 December 2015: 32.013.070,13 EUR). Since management assesses these grants as virtually certain, the SNCB Group recognizes these receivables and related capital grants in the financial statement.

In addition, the SNCB, as a result of the tax audit that relates to the general exemption of the payment of payroll tax (law on economic recovery of 27 March 2009) for the fiscal year 2013, recognised in 2015 a receivable towards the Belgian state for an amount of 34.874.830,38. In 2016, by the Royal Decree of 25 December 2016, the amount of the trade receivable has been revised downwards to 22.957.000,00 EUR after the recognition of an impairment loss of 11.917.830,38 EUR.

This section also includes other current receivables of the SNCB amounting to 326.839.106,00 EUR (31 December 2015: 295.504.484,00 EUR) and relating to the cash-guarantees paid following the Credit Support Annexes agreements.

9.2 Write downs on trade and other receivables

The total nominal amount of trade and other receivables is subject to impairment. Total provisions for impairment amount to 18.485.327,35 EUR (17.426.980,64 EUR) as per 31 December 2016 (31 December 2015). Movements in the provision for impairment of trade and other receivables are as follows:

	31/12/2016	31/12/2015
Impairment on non-current trade and other receivables		
At 1 January	0,00	0,00
Write downs	-1.291.065,97	
Use of impairment on irrecoverable receivables that are reversed		
Reversal of impairment		
At 31 December	-1.291.065,97	0,00

31/12/2016

31/12/2015

Impairment on current trade and other receivables

At 1 January	-	17.426.980,64	-16.590.320,49
Write downs	-	19.437.548,02	-2.905.544,58
Use of impairment on irrecoverable receivables that are reversed		18.745.991,45	1.731.600,27
Reversal of impairment		928.017,81	277.554,88
Other variations	-	3.741,98	59.729,28
At 31 December		-17.194.261,38	-17.426.980,64

Information about the SNCB Group's exposure to credit risk and foreign currency risk of trade and other receivables (excluding construction contracts and deferred charges) can be found in note 2.

9.3 Financial lease receivables

	Less than one year	More than one year and less than five years	More than five years	Total
Net investments at 31/12/2016				
Future minimum payments	8.557.694,28	34.230.777,10	122.084.244,97	164.872.716,35
Unearned financial income	-3.748.308,48	-14.251.485,83	-36.993.973,75	-54.993.768,06
Total	4.809.385,80	19.979.291,27	85.090.271,22	109.878.948,29
Net investments at 31/12/2015				
Future minimum payments	5.337.561,29	21.753.070,19	109.534.928,64	136.625.560,12
Unearned financial income	-2.687.278,35	-10.908.892,68	-45.128.074,31	-58.724.245,34
Total	2.650.282,94	10.844.177,51	64.406.854,33	77.901.314,78

The financial lease receivables of 109.878.948,29 EUR As per 31 December 2016 are related to the SNCB and include the lease agreements with B-Logistics, as well as the long-term (99 years) leases with third parties for land and buildings. Since 31 Mai 2016 the financial lease receivables include the buildings of the new tram depot in Ostende given in lease to De Lijn for a 15 year period.

Note 10 – Construction contracts

		31/12/2016	31/12/2015
	Notes		
Gross amounts due from customers for construction contracts	9		107.338.740,12
Advances received from customers for construction contracts	23		26.930.062,15

Revenues and costs associated with construction contracts must be recognised respectively in revenue or charges depending on the degree of completion and the estimated end margin. In case of expected negative margin, a charge is recorded for the amount of the estimated loss. The degree of completion is determined by the ratio between incurred costs for work performed and the estimated costs of the contract.

When the amount of intermediate invoicing is higher than the aggregate amount of costs incurred - increased with recognised profits or reduced with recognised losses - the amounts due to customers will be recognised in the statement of financial position under 'current and non-current trade and other payables'.

		31/12/2016	31/12/2015
	Note		
Aggregate amount of: Costs incurred		202.614.945,83	216.175.178,27
Recognised profits (losses)		4.327.917,36	4.515.326,29
Impairment losses recognised		-11.836.515,02	-12.004.053,00
Aggregate amount of: Progress billings		-108.034.081,60	-101.347.711,44
Transfer from the Trade and other payables		10.298.578,53	0,00
Gross amounts due from customers for construction contracts	9	97.370.845,10	107.338.740,12
		Non-current liabilities	10.298.578,53
		Current liabilities	87.072.266,57
			0,00
			107.338.740,12

When the amount of intermediate invoicing is higher than the aggregate amount of costs incurred - increased with recognised profits or reduced with recognised losses - the amount due to customers will be recognised in the statement of financial position under 'current trade and other payables'.

		31/12/2016	31/12/2015
	Note		
Aggregate amount of: Costs incurred		13.819.061,42	31.654.650,79
Recognised profits (losses)		3.249.802,08	2.694.749,08
Impairment losses recognised		-1.488.588,00	-1.620.740,00
Aggregate amount of: Progress billings		-21.836.892,64	-43.829.484,46
Gross amounts due to customers for construction contracts	23	6.256.617,14	11.100.824,59

Received advances are recognised within liabilities as 'non-current commercial debts' and consist of:

		31/12/2016	31/12/2015
	Note		
Advances received		82.300.000,00	79.930.942,55
Transfer to trade receivables short term	9.1	10.298.578,53	0,00
Capitalized interest		2.018.123,06	2.017.773,92
Aggregate amount of: Costs incurred		-85.290.649,47	-66.119.478,91
Advances received from customers for construction contracts	23	9.326.052,12	15.829.237,56

Note 11 – Derivatives

Within the SNCB Group, the fair value of the swaps is divided in three components:

- the nominal: the difference between the outstanding nominal amounts of the receiving leg and the paying leg converted at the closing rate.
- the fair value adjustment.
- accrued income and accrued expenses

The following table gives a detailed overview by type, separately for current and non-current derivatives:

Derivatives	31/12/2016			Total	
	Assets	Nominal	Fair value adjustments		Accrued income
Derivatives used for cash flow management		-524.022,71	299.766.368,74	0,00	299.242.346,03
Interest rate swaps		-7.862.989,83	273.152.825,75	0,00	265.289.835,92
Currency swaps		7.338.967,12	26.613.542,99	0,00	33.952.510,11
Commodity swaps		0,00	0,00	0,00	0,00
Inflation swaps		0,00	0,00	0,00	0,00
Other derivatives		0,00	0,00	0,00	0,00
Other		0,00	0,00	0,00	0,00
Total (non-current)		-524.022,71	299.766.368,74	0,00	299.242.346,03
Derivatives used for cash flow management		0,00	183.210,58	13.209,00	196.419,58
Interest rate swaps		0,00	0,00	0,00	0,00
Currency swaps		0,00	0,00	0,00	0,00
Commodity swaps		0,00	183.210,58	13.209,00	196.419,58
Inflation swaps		0,00	0,00	0,00	0,00
Other derivatives		0,00	0,00	0,00	0,00
Other		0,00	0,00	0,00	0,00
Total (current)		0,00	183.210,58	13.209,00	196.419,58

Liabilities	Nominal	Fair value adjustments	Accrued expenses	Total
Derivatives used for cash flow management	-38.171.755,31	-415.616.029,99	262.832,30	-453.524.953,00
Interest rate sw aps	-4.926.973,53	-403.170.820,83	-679.048,89	-408.776.843,25
Currency sw aps	-33.244.781,78	-4.657.036,79	941.881,19	-36.959.937,38
Commodity sw aps	0,00	0,00	0,00	0,00
Inflation sw aps	0,00	-7.788.172,37	0,00	-7.788.172,37
Other derivatives	0,00	0,00	0,00	0,00
Other	0,00	0,00	0,00	0,00
Total (non-current)	-38.171.755,31	-415.616.029,99	262.832,30	-453.524.953,00
Derivatives used for cash flow management	0,00	-1.200.230,02	-11.373.533,47	-12.573.763,49
Interest rate sw aps	0,00	-1.200.229,70	-11.898.841,45	-13.099.071,15
Currency sw aps	0,00	0,00	992.777,10	992.777,10
Commodity sw aps	0,00	-0,32	-4.446,80	-4.447,12
Inflation sw aps	0,00	0,00	-463.022,32	-463.022,32
Other derivatives	0,00	0,00	0,00	0,00
Other	0,00	0,00	0,00	0,00
Total (current)	0,00	-1.200.230,02	-11.373.533,47	-12.573.763,49

Derivatives		31/12/2015		
Assets	Nominal	Fair value adjustments	Accrued income	Total
Derivatives used for cash flow management	1.533.122,29	275.382.822,20	0,00	276.915.944,49
Interest rate sw aps	-1.647.216,90	253.061.446,56	0,00	251.414.229,66
Currency sw aps	3.180.339,19	22.321.375,64	0,00	25.501.714,83
Commodity sw aps	0,00	0,00	0,00	0,00
Inflation sw aps	0,00	0,00	0,00	0,00
Other derivatives	0,00	0,00	0,00	0,00
Other	0,00	0,00	0,00	0,00
Total (non-current)	1.533.122,29	275.382.822,20	0,00	276.915.944,49
Derivatives used for cash flow management	35.870.419,79	1.266.665,77	2.268.633,63	39.405.719,19
Interest rate sw aps	0,00	0,00	0,00	0,00
Currency sw aps	35.870.419,79	1.266.640,56	2.268.633,63	39.405.693,98
Commodity sw aps	0,00	25,21	0,00	25,21
Inflation sw aps	0,00	0,00	0,00	0,00
Other derivatives	0,00	0,00	0,00	0,00
Other	0,00	0,00	0,00	0,00
Total (current)	35.870.419,79	1.266.665,77	2.268.633,63	39.405.719,19

Liabilities	Nominal	Fair value adjustments	Accrued expenses	Total
Derivatives used for cash flow management	-58.858.233,38	-398.791.700,30	1.070.294,61	-456.579.639,07
Interest rate swaps	-12.998.054,37	-381.742.438,19	-645.281,20	-395.385.773,76
Currency swaps	-45.860.179,01	-4.662.296,82	1.715.575,81	-48.806.900,02
Commodity swaps	0,00	0,00	0,00	0,00
Inflation swaps	0,00	-12.386.965,29	0,00	-12.386.965,29
Other derivatives	0,00	0,00	0,00	0,00
Other	0,00	0,00	0,00	0,00
Total (non-current)	-58.858.233,38	-398.791.700,30	1.070.294,61	-456.579.639,07
Derivatives used for cash flow management	-20.127.601,40	-1.686.953,22	-12.225.016,27	-34.039.570,89
Interest rate swaps	0,00	-708.662,13	-13.612.236,56	-14.320.898,69
Currency swaps	-20.127.601,40	-642.273,85	1.933.449,61	-18.836.425,64
Commodity swaps	0,00	-336.017,24	-105.212,34	-441.229,58
Inflation swaps	0,00	0,00	-441.016,98	-441.016,98
Other derivatives	0,00	0,00	0,00	0,00
Other	0,00	0,00	0,00	0,00
Total (current)	-20.127.601,40	-1.686.953,22	-12.225.016,27	-34.039.570,89

Following the debt assumption by the Belgian State on 1 January 2005 a number of swap contracts were concluded with the Belgian State. Accrued income resulting from these contracts has been booked together with the Back-to-Back receivables in other financial assets. These accruals amounted to 86.910.077,36 EUR as at 31 December 2016 (77.382.764,54 EUR as at 31 December 2015).

More information about the exposure of the SNCB Group to financial risks can be found in note 2.

Note 12 – Other financial assets

12.1 General information

Other financial assets of the SNCB consist of (i) receivables (receivables from subsidiaries, fixed income securities issued by financial institutions and public authorities and deposits held in banks), (ii) “back to back” receivables on the State following the debt assumption on 1 January 2015 and (iii) financial assets classified as “available for sale”. Details on the different categories within other financial assets, as well as a description of the various associated risks can be found in note 2.

12.2 Available-for-sale financial assets

The following table presents the changes in available-for-sale financial assets for the periods ended 31 December 2016 and 31 December 2015:

	2016	2015
Balance at 1 January	51.274.180,31	51.274.180,31
Acquisitions	0,00	0,00
Disposals	0,00	0,00
Interest income	0,00	0,00
Interest received	0,00	0,00
Transfer to another balance sheet item	0,00	0,00
Au 31 décembre	51.274.180,31	51.274.180,31
Of which		
Non-current	51.274.180,31	51.274.180,31
Current	0,00	0,00

Note 13 – Inventories

13.1 Inventories

	31/12/2016	31/12/2015
Goods purchased for resale, supplies and parts for rolling stock	205.733.993,25	186.486.718,51
Raw materials	3.647.670,57	3.550.582,50
Work in progress	2.112.955,30	2.613.310,56
Finished goods		118.333,89
Carrying value	211.494.619,12	192.768.945,46
Of which		
Carrying value expected to be recovered within 12 months	0,00	0,00
Carrying value expected to be recovered in more than 12 months	211.494.619,12	192.768.945,46

	31/12/2016	31/12/2015
SNCB	211.382.042,98	192.676.314,69
Other subsidiaries	112.576,14	92.630,77
Carrying value	211.494.619,12	192.768.945,46

As per 31 December 2015, there are no inventories carried at fair value less costs to sell.

13.2 Impairment of inventories – impact on net result

	31/12/2016	31/12/2015
Beginning of period	-116.087.465,64	-114.484.954,07
Increase in impairment of inventories	-12.976.769,92	-2.516.101,77
Utilisation of impairment losses on inventories because irrecoverable	440.864,96	713.649,54
Decrease in impairment of inventories	158.882,87	199.940,66
At the end of the period	-128.464.487,73	-116.087.465,64

The write-downs of inventories amount to 12.817.887,05 EUR (2.316.161,11 EUR) in 2016 (2015) and were recognised at the SNCB in net result.

13.3 Inventories recognised in net result

	31/12/2016	31/12/2015
Purchases	121.960.443,49	111.513.368,75
Changes in	-35.731.940,82	-22.127.011,88
<i>Goods purchased for resale and supplies</i>	-36.635.195,10	-25.018.963,70
<i>Raw materials</i>	376.800,78	3.398.911,43
<i>Work in progress</i>	526.453,50	-506.959,61
<i>Finished goods</i>	0,00	0,00
Impact on net result	86.228.502,67	89.386.356,87
<i>Of which included in turnover</i>	-526.453,50	506.959,61

Note 14 – Cash and cash equivalents

14.1 Cash and cash equivalents

		31/12/2016	31/12/2015
	Note		
Cash and cash equivalents			
Short-term deposits and commercial paper		224.801.992,44	294.446.205,67
Cash at bank		78.875.203,95	120.419.894,58
Cash in hand		2.424.739,41	2.592.242,43
Total		306.101.935,80	417.458.342,68
Cash and cash equivalents as in the statement of cash flows			
Bank overdrafts	21	0,00	0,00
		306.101.935,80	417.458.342,68

		31/12/2016	31/12/2015
SNCB		304.115.773,08	412.124.344,22
Other subsidiaries		1.986.162,72	5.333.998,46
Carrying value		306.101.935,80	417.458.342,68

The restricted amount of cash and cash equivalents for the SNCB Group amounts to 224.061.719,64 EUR (293.609.227,50 EUR) as per 31 December 2016 (2015).

The exposure of the SNCB Group to financial risks can be found in note 2.

Note 15 – Non-current assets classified as held for sale and discontinued operations

15.1 Non-current assets held for sale and directly associated liabilities

Non-current assets held for sale and liabilities directly associated	31/12/2016	31/12/2015
Assets	37.193.944,99	11.834.472,37
Liabilities	0,00	0,00

Non-current assets held for sale and associated liabilities as per **31 December 2016** relate to:

	31/12/2016
Intangible assets	120.000,00
Property, plant and equipment	27.590.840,32
Investment property	4.127.154,58
Interests under equity method ATO and Terminal A thus	5.355.950,09
	37.193.944,99

The movements of the non-current assets held for sale as per 31 December 2016 are as follows:

	Intangible as sets	Property, plant and equipment	Investment property	Financial fixed as sets
Carrying value at 1 January 2015		112.954.913,25	373.724,73	
Acquisitions				
Transfer during period (+)				
Cost		109.076.638,05	1.675.419,97	
Accumulated impairment		-23.604.117,33		
Accumulated depreciation		-64.953.590,40	-171.750,50	
Disposal during period				
Cost		-373.845.408,86	-2.775.666,84	
Accumulated impairment		24.003.039,66	143,16	
Accumulated depreciation		229.660.952,07	210.988,70	
Transfer during period (-)				
Variations in assets				
Cost		-1.814.748,35	1.814.748,35	
Accumulated impairment				
Accumulated depreciation				
Impairment after transfer to this section				
Impairment after transfer to this section				
Increase		-770.813,29		
Decrease				
Carrying value at 31 December 2015	0,00	10.706.864,80	1.127.607,57	0,00
Carrying value at 1 January 2016	0,00	10.706.864,80	1.127.607,57	0,00
Acquisitions		46.158,00		
Transfer during period (+)				
Cost	750.000,00	104.619.681,49	6.479.659,79	5.394.473,01
Accumulated impairment		-24.565.049,62	-25.853,82	
Accumulated depreciation	-630.000,00	-44.828.249,33	-408.557,69	-38.522,92
Disposal during period				
Cost		-89.327.648,52	-2.721.900,86	
Accumulated impairment		15.148.900,49	112.875,66	
Accumulated depreciation		65.395.221,30	219.707,10	
Transfer during period (-)				
Variations in assets				
Cost		-213.584,76	-633.046,28	
Accumulated impairment		12.023,45		
Accumulated depreciation		161.194,00		
Impairment after transfer to this section				
Impairment after transfer to this section				
Increase		-9.564.670,98	-23.336,89	
Decrease				
Carrying value at 31 December 2016	120.000,00	27.590.840,32	4.127.154,58	5.355.950,09

Except for the transfers coming from intangible assets, property, plant and equipment (of which the concrete floor of the LCI in Ghent for the amount of 7.540.949,37 EUR) and the investment property, the transfers of the period include an amount of 6.578.241,39 EUR coming from trade and other receivables and this relates to the SNCB: medical centre of Bruges (Kamgebouw) transferred to trade and other receivables for an amount of 6.510.701,52 EUR and land given in lease and transferred to trade and other receivables for an amount of 67.539,87 EUR.

As per 31 December 2016 the non-current assets held for sale include as well an amount of 5.355.950,09 EUR as participation in companies accounted for under equity method ATO and Terminal Athus as a consequence of the decision of the SNCB to lose control. The equity value at 31 December 2016 has been transferred to this section (ATO: 3.332.145,10 EUR

and Terminal Athus: 2.023.804,99 EUR). The expectation is indeed that these two participations will be sold in 2017. The transaction related to the sale of the participation in ATO has been continued in the beginning of 2017. It is being finalized. All parties have an agreement and the operation has to be approved by the Management Board of the SNCB. The transaction related to the sale of the participation in Terminal Athus is under discussion.

The transfers are related to the SNCB, mainly rolling stock with a carrying value of 5.386.409,23 EUR (including the engines T77 sold Infrabel and B-Logistics of which the sale has generated a realised gain of 1.407.695,52 EUR) and land and building with a carrying value of 5.533.894,72 EUR (mainly situated in Antwerp Schijnpoort of which the sale has generated a realised gain of 4.475.782,48 EUR and in Roeselaere of which the sale has generated a realised gain of 4.874.527,46 EUR).

The impairment losses recognized in 2016 on the non-current assets held for sale concern the concrete floor of the LCI in Ghent and the land of the SNCB that has been the object of a measurement at fair value on 1 January 2014 (see note 6.1 Property, plant and equipment).

	Intangible as sets	Property, plant and equipment	Investment property	Financial fixed as sets
As at 31 December 2015				
Cost		124.165.184,79	1.441.947,64	
Accumulated impairment		-7.692.982,23	-149.992,53	
Accumulated depreciation		-94.358.070,88	-57.094,19	
Impairment after transfer to this section		-11.407.266,88	-107.253,35	
Carrying value at 31 December 2015	0,00	10.706.864,80	1.127.607,57	0,00

	Intangible as sets	Property, plant and equipment	Investment property	Financial fixed as sets
As at 31 December 2016				
Cost	750.000,00	139.961.262,70	4.566.660,29	5.394.473,01
Accumulated impairment		-17.463.560,50	-62.970,69	
Accumulated depreciation	-630.000,00	-74.301.376,61	-245.944,78	-38.522,92
Impairment after transfer to this section		-20.605.485,27	-130.590,24	
Carrying value at 31 December 2016	120.000,00	27.590.840,32	4.127.154,58	5.355.950,09

15.2 Results from the discontinued operations

The net-income from discontinued operations of 5.472.022,04 EUR in 2015 represents the part of the result of the B-Logistics Group at 7 October 2015, date of control loss to an Investment fund.

15.3 Gains and losses relating to non-current assets held for sale which are not discontinued operations

	31/12/2016	31/12/2015
Impairment losses (increase)	9.588.007,87	770.813,29
Loss on sale of non-current assets held for sale	-1.009.837,90	-1.779.345,48
Gain on sale of non-current assets held for sale	17.775.997,25	163.568.297,34

The creation and release of provisions for impairment are included in 'Other operating expenses' in the income statement.

Gains and losses on sale are included in "Other operating income and expenses" in the income statement.

The realised gains of 163.568.297,34 EUR in 2015 mainly include the realised gain of 156.624.210,22 EUR (including a cash payment of 32.500.000 EUR) as a result of the contribution in kind performed for THI Factory on 1 April 2015.

Note 16 – Business combinations

The SNCB Group did not enter into any business combinations during 2016 and 2015.

Note 17 – Share capital

Movements of capital are as follows:

	Common shares	Dividend-right share	Total
At 31 December 2016			
CAPITAL			
Number of shares (EUR)	249.022.345,57	0,00	249.022.345,57
Subscribed amount	1.053.611.251	20.000.000	1.073.611.251
At 31 December 2015			
CAPITAL			
Number of shares (EUR)	249.022.345,57	0,00	249.022.345,57
Subscribed amount	1.053.611.251	20.000.000	1.073.611.251

An ordinary share is entitled to one vote at the General Meeting. Ten bonus shares are entitled to vote.

The State owns directly and indirectly 99,97% of the voting rights. Dividend-right shares, 20.000.000 shares, are held by the Federal Holding and Investment (S.F.P.I.) for 83,12% (16.624.993 shares).

Note 18 – Consolidated reserves

	Assets held for sale	Currency differences	Net results carried forward	Total consolidated reserves
At 1 January 2015	-1.364.563,28	28.598,13	-513.613.002,57	-514.948.967,72
Net income 31-12-2015	0,00	0,00	125.191.706,44	125.191.706,44
<i>Consolidated entities</i>	0,00	0,00	121.031.719,74	121.031.719,74
<i>Interests under equity method</i>	0,00	0,00	4.159.986,70	4.159.986,70
Other comprehensive income 2015	-1.312.826,47	-8.570,52	47.048.133,23	45.726.736,24
<i>Consolidated entities</i>	0,00	0,00	45.998.995,50	45.998.995,50
<i>Interests under equity method</i>	-1.312.826,47	-8.570,52	1.049.137,73	-272.259,26
Total comprehensive income 2015	-1.312.826,47	-8.570,52	172.239.839,67	170.918.442,68
Other movements in equity			5.155.509,85	5.155.509,85
Roundings				0,00
At 31 December 2015	-2.677.389,75	20.027,61	-336.217.653,05	-338.875.015,19
At 1 January 2016	-2.677.389,75	20.027,61	-336.217.653,05	-338.875.015,19
Net income 31-12-2016	0,00	0,00	-244.034.497,23	-244.034.497,23
<i>Consolidated entities</i>	0,00	0,00	-243.999.082,06	-243.999.082,06
<i>Interests under equity method</i>	0,00	0,00	-35.415,17	-35.415,17
Other comprehensive income 2016	-242.418,07	17.856,16	-26.496.237,17	-26.720.799,08
<i>Consolidated entities</i>	0,00	0,00	-25.174.662,86	-25.174.662,86
<i>Interests under equity method</i>	-242.418,07	17.856,16	-1.321.574,31	-1.546.136,22
Total comprehensive income 2016	-242.418,07	17.856,16	-270.530.734,40	-270.755.296,31
Other movements in equity			-6.533,80	-6.533,80
Roundings			-1,25	-1,25
At 31 December 2016	-2.919.807,82	37.883,77	-606.754.922,50	-609.636.846,55

Available for sale financial assets and currency translation differences relate to Eurofima which is accounted for using the equity method in the consolidated financial statements 2015 and 2016.

Other movements in equity amount to -6.533,80 EUR in 2016 and relate to the leaving of the consolidation scope of Liège Container Terminal, company accounted for using the equity method, sold outside the Group. In 2015, the other movements in equity include for 5.154.399,61 EUR HR-Rail accounted for using the equity method on a consolidated basis previously accounted for using the equity method on an individual basis in 2014.

Note 19 – Employee benefits

19.1 Summary of employee benefits liabilities

The table below outlines the amounts recognised as employee benefit obligations in the statement of financial position:

	31/12/2016	31/12/2015
Liability in the statement of financial position		
Post-employment benefits	301.140.491,23	272.643.419,82
Other long-term benefits	92.118.625,55	101.791.380,79
Termination benefits	26.424.094,98	27.284.880,86
Short-term benefits (holidays only)	34.926.198,09	53.209.578,23
Total liability in the statement of financial position	454.609.409,85	454.929.259,70
- current	121.212.802,15	150.729.038,15
- non-current	333.396.607,70	304.200.221,55

Beside the SNCB that represents 99,3% (451.337.703,63 EUR) of the total debt, Eurostation and Transurb have recognized employee benefits liabilities. For Eurostation it concerns termination benefits (3.261.805,26 EUR) and for Transurb it concerns post-employment benefits (9.900,96 EUR).

19.2 Description of the employee benefits

19.2.1 Post-employment benefits

SNCB operates following post-employment benefit plans:

1. *Employer contributions to the Social Solidarity Fund*

The retired statutory employees and their dependents (children and spouse) and dependents of deceased employees are covered by the Social Solidarity Fund. This fund is partially financed by the SNCB Group, with a contribution equal to a percentage of pensions paid.

2. *Hospitalisation insurance*

In the context of the social agreement 2008-2010 it was agreed that the Belgian Railways will continue the financing of premiums to a group insurance covering the hospitalization costs in a room with two beds. This insurance applies to both active and retired statutory employees and their dependents (children and spouse), affiliated to the Fund of Social Works. Since January 1st 2012 this insurance cover is also applicable to the contractual employees during their service. A new hospitalisation insurance contract was negotiated for

a period of 2 years, with effect as from January 1st 2012 onwards, which can be extended as from 2014.

3. Benefits in case of a work accident

Since the statutory employees do not benefit from the legal protection in case of a work accident, a system unique to the Belgian Railways was established. Based on this system, employees and their dependents are entitled to compensation in case of a work accident, both at work and on the way to work, or in case of occupational diseases. Benefits include the reimbursement of medical care, life annuities, which are dependent on the degree of disability, and annuities and allowances for dependents in case of death following a work accident. Some annuities are indexed.

4. Employer contributions to the union fund

As part of the 2003-2008 union agreement, it was agreed with the recognised trade union organizations that the Belgian Railways pay an annual amount of 10 EUR for each affiliated retired employee.

5. Pension plans

Since 1 January 2007, the Belgian State took over the pension liabilities for the statutory employees, which were previously borne by the Belgian Railways. The liability of the Belgian Railways is now limited to the payment of the employer contributions to the State. As far as the contractual employees are concerned, a defined contribution pension plan is applicable for a very limited number of employees.

Furthermore, defined contribution plans are in place in some subsidiaries.

With the exception of the hospitalisation insurance, which is guaranteed by an insurance company, the post-employment benefits are not pre-financed in an external fund and are therefore not financed by any underlying assets or reimbursement rights.

19.2.2 Other long-term employee benefits

The following other long-term employee benefits are granted to the employees:

1. Jubilee premiums

Decorations are paid to employees after a certain number of years of service.

2 Additional holidays in function of age

Additional days off are granted to the statutory employees as from the age of 45 and 50. A corresponding liability is recognised only for the employees for whom service needs to be performed.

3 Availability leave

Under certain conditions, availability leave can be granted for a period from one to three years. Compensation will be paid to the employees concerned.

4 Credit days

Credit days granted to the employees may be carried over more than 12 months after the end of the closing date of the accounting year. According to IAS 19 Revised, these benefits will be classified as other long-term employee benefits.

There are no underlying assets and no reimbursement rights to cover these benefits.

19.2.3 Termination benefits

The following termination benefits are granted to the employees:

1. Partial career break

Statutory employees can benefit from part-time early retirement systems. These systems apply to specific categories of employees who have attained a minimum age, and provide for allowances partially offsetting the loss of working time.

Only the indemnities granted to the employees who joined the scheme until 2006 (date of the scheme change) are now considered as termination benefits.

5 Part-time work

For certain categories of employees who cannot benefit from early retirement, compensatory mechanisms of part-time work exist. These are arrangements of part-time work on a voluntary basis, whereby an additional allowance is provided which partially compensates the loss of working hours.

Only the indemnities granted to the employees who joined the scheme until 2006 (date of the scheme change) are now considered as termination benefits.

There are no underlying assets and no reimbursement rights to cover these benefits.

19.3 Liabilities relating to employee benefits (no short term)

The following amounts for employee benefits are recognised in the income statement:

	31/12/2016			Total	31/12/2015			Total
	Post employment benefits	Other long term benefits	Termination benefits		Post employment benefits	Other long term benefits	Termination benefits	
Amount recognised in the statement of financial position								
Defined benefit obligation end of period	301.140.491,23	92.118.625,55	26.424.094,98	419.683.211,76	272.643.419,82	101.791.380,79	27.284.880,86	401.719.681,47
Fair value of plan assets end of period	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total	301.140.491,23	92.118.625,55	26.424.094,98	419.683.211,76	272.643.419,82	101.791.380,79	27.284.880,86	401.719.681,47
<i>Of which : Net liability recognised</i>	301.140.491,23	92.118.625,55	26.424.094,98	419.683.211,76	272.643.419,82	101.791.380,79	27.284.880,86	401.719.681,47
<i>Of which : Net asset recognised</i>	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
<i>Of which : Unfunded plans</i>	301.140.491,23	92.118.625,55	26.424.094,98	419.683.211,76	272.643.419,82	101.791.380,79	27.284.880,86	401.719.681,47
<i>Of which : Integrally or partially funded plans</i>	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00

The amounts relating to defined benefit plans recognised in net result are detailed as follows:

	31/12/2016			Total	31/12/2015			Total
	Post employment benefits	Other long term benefits	Termination benefits		Post employment benefits	Other long term benefits	Termination benefits	
Defined benefit cost								
Current service cost	10.156.899,81	45.623.051,86	2.873.977,28	58.653.928,95	9.737.662,15	48.177.997,82	245.096,63	58.160.756,60
Net interest(*)	6.177.717,48	390.621,36	299.733,72	6.868.072,56	4.577.301,00	54.839,04	209.564,64	4.841.704,68
Remeasurements (other long term and termination benefits)	-	882.671,52	-1.042.407,57	-159.736,05	-	18.269.630,89	-596.710,55	17.672.920,34
Transfers	-1.556.650,20	-2.066.612,44	-161.557,57	-3.784.820,21	-982.066,40	-1.309.481,42	-25.267,08	-2.316.814,90
Past service cost	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Curtailment / settlement gain / loss	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Effect of the asset ceiling	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total Defined benefit cost	14.777.967,09	44.829.732,30	1.969.745,86	61.577.445,25	13.332.896,75	65.192.986,33	-167.316,36	78.358.566,72
<i>included in</i>								
<i>payroll and related benefits</i>	28 8.600.249,61	44.439.110,94	1.670.012,14	54.709.372,69	8.755.595,75	65.138.147,29	-376.881,00	73.516.862,04
<i>finance costs</i>	29 6.177.717,48	390.621,36	299.733,72	6.868.072,56	4.577.301,00	54.839,04	209.564,64	4.841.704,68
Included in statement of other comprehensive income	25.174.662,86	-	-	25.174.662,86	-45.998.995,50	-	-	-45.998.995,50

(*) Of which: expected return on plan assets = 0

According to IAS 19 Revised, actuarial gains and losses on post-employment benefits are recognised in other comprehensive income. Actuarial gains and losses relating to other long-term benefits and termination benefits are recognised in net result.

The total amount of premiums paid in 2016 by the SNCB Group related to defined contribution plans amounts to 2.557.918,10 EUR.

The change in defined benefit obligation and in fair value of plan assets during the reporting period can be summarized as follows:

Change in defined benefit obligation:

	31/12/2016				31/12/2015			
	Post employment benefits	Other long term benefits	Termination benefits	Total	Post employment benefits	Other long term benefits	Termination benefits	Total
Defined benefit obligation								
As at 1 January	272.643.419,82	101.791.380,79	27.284.880,86	401.719.681,47	316.219.345,59	87.183.262,02	32.680.330,43	436.082.938,04
Current service cost	10.156.899,81	45.623.051,86	2.873.977,28	58.653.928,95	9.737.662,15	48.177.997,82	245.096,63	58.160.756,60
Employee contributions	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Past service cost (plan changes and curtailment)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Settlement cost	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Interest cost	6.177.717,48	390.621,36	299.733,72	6.868.072,56	4.577.301,00	54.839,04	209.564,64	4.841.704,68
Actuarial (gains) / losses	25.174.662,86	882.671,52	-1.042.407,57	25.014.926,81	-45.998.995,50	18.269.630,89	-596.710,55	-28.326.075,16
Benefits paid	-11.455.558,54	-54.502.487,54	-2.830.531,74	-68.788.577,82	-10.909.827,02	-50.584.867,56	-5.228.133,21	-66.722.827,79
Transfers	-1.556.650,20	-2.066.612,44	-161.557,57	-3.784.820,21	-982.066,40	-1.309.481,42	-25.267,08	-2.316.814,90
Change in scope	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Present value of the obligation for discontinued operations	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Present value of the obligation for non current assets held for sale	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Present value of the obligation at the end of the period	301.140.491,23	92.118.625,55	26.424.094,98	419.683.211,76	272.643.419,82	101.791.380,79	27.284.880,86	401.719.681,47

The split of the defined benefit obligation, separately for the active employees and for the non-active members (pensioners and dependents) is as follows:

	31/12/2016				31/12/2015			
	Post employment benefits	Other long term benefits	Termination benefits	Total	Post employment benefits	Other long term benefits	Termination benefits	Total
Defined benefit obligation at the end of the period								
Liability relative to active members	93.602.993,73	92.118.625,55	26.424.094,98	212.145.714,26	90.432.079,39	101.791.380,79	27.284.880,86	219.508.341,04
Liability relative to pensioners and non-active members (beneficiaries, ...)	207.537.497,50	0,00	0,00	207.537.497,50	182.211.340,43	0,00	0,00	182.211.340,43
Total Defined benefit obligation at the end of the period	301.140.491,23	92.118.625,55	26.424.094,98	419.683.211,76	272.643.419,82	101.791.380,79	27.284.880,86	401.719.681,47

Change in plan assets:

	31/12/2016				31/12/2015			
	Post employment benefits	Other long term benefits	Termination benefits	Total	Post employment benefits	Other long term benefits	Termination benefits	Total
Fair value of plan assets								
As at 1 January	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Return on plan assets	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Employer contributions / benefits paid directly by employer	11.455.558,54	54.502.487,54	2.830.531,74	68.788.577,82	10.909.827,02	50.584.867,56	5.228.133,21	66.722.827,79
Employee contributions	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Benefits paid	-11.455.558,54	-54.502.487,54	-2.830.531,74	-68.788.577,82	-10.909.827,02	-50.584.867,56	-5.228.133,21	-66.722.827,79
Actuarial gains / (losses)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Curtailment / settlement gain / loss	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
At the end of the period	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00

The reconciliation with the statement of financial position is as follows:

	31/12/2016				31/12/2015			
	Post employment benefits	Other long term benefits	Termination benefits	Total	Post employment benefits	Other long term benefits	Termination benefits	Total
Funded status								
Defined benefit obligation as at 1 January	272.643.419,82	101.791.380,79	27.284.880,86	401.719.681,47	316.219.345,59	87.183.262,02	32.680.330,43	436.082.938,04
Fair value of plan assets as at 1 January	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total	272.643.419,82	101.791.380,79	27.284.880,86	401.719.681,47	316.219.345,59	87.183.262,02	32.680.330,43	436.082.938,04
Unrecognised amount due to effect of the asset ceiling	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Amount recognised in the statement of financial position								
As at 1 January	272.643.419,82	101.791.380,79	27.284.880,86	401.719.681,47	316.219.345,59	87.183.262,02	32.680.330,43	436.082.938,04
Total expense recognised in the profit or loss	14.777.967,09	44.829.732,30	1.969.745,86	61.577.445,25	13.332.896,75	65.192.986,33	-167.316,36	78.358.566,72
Actuarial (gains) / losses in other comprehensive income	25.174.662,86	-	-	25.174.662,86	-45.998.995,50	-	-	-45.998.995,50
Employer contributions / benefits paid directly by employer	-11.455.558,54	-54.502.487,54	-2.830.531,74	-68.788.577,82	-10.909.827,02	-50.584.867,56	-5.228.133,21	-66.722.827,79
Change in scope	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Present value of the obligation for discontinued operations	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Present value of the obligation for non current assets held for sale	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
At the end of the period	301.140.491,23	92.118.625,55	26.424.094,98	419.683.211,76	272.643.419,82	101.791.380,79	27.284.880,86	401.719.681,47

For 2017, the SNCB Group expects that the contributions and benefits paid directly will equal to 11,2 Million EUR for the post-employment benefits, 46,9 Million EUR (including credit days) for the other long-term employee benefits and 2,5 Million EUR for termination benefits.

19.4 Split of actuarial gains and losses

The actuarial gains and losses may be split as follows:

	31/12/2016				31/12/2015			
	Post employment benefits	Other long term benefits	Termination benefits	Total	Post employment benefits	Other long term benefits	Termination benefits	Total
Actuarial (gains) / losses								
(Gain) / loss due to changes in financial assumptions	25.507.508,03	1.278.943,01	1.011.364,93	27.797.815,97	-38.231.978,89	-2.338.448,54	-947.552,73	-41.517.980,16
(Gain) / loss due to changes in demographic assumptions	-397.449,90	5.342,99	0,00	-392.106,91	2.416.481,38	1.194.498,01	2.989.038,36	6.600.017,75
Experience (gain) / loss	64.604,73	-401.614,48	-2.053.772,50	-2.390.782,25	-10.183.497,99	19.413.581,42	-2.638.196,18	6.591.887,25
Total actuarial (gains) / losses	25.174.662,86	882.671,52	-1.042.407,57	25.014.926,81	-45.998.995,50	18.269.630,89	-596.710,55	-28.326.075,16

In 2015, certain assumptions and calculation parameters were reviewed as following, in particular, to changes in pension legislation or the calculation methodology. These changes in assumption and parameters have impacted the amount of debt in 2015 and have generated actuarial differences.

19.5 Actuarial assumptions and sensitivity analysis

Actuarial assumptions

The liabilities for employee benefits are calculated on an actuarial basis, based on the projected unit credit method. The main underlying parameters (financial and demographic assumptions) used in the calculation of the liability can be summarized as follows:

	31/12/2016	31/12/2015
Discount rate		
Post-employment benefits	1,71%	2,28%
Other long-term benefits	0%-1,25%	0% - 1,85%
Termination benefits	0%-0,66%	0% - 1,24%
Expected return on plan assets	0,00%	0,00%
Inflation rate	2,00%	2,00%
Medical cost increase	2,00%	2,00%
Mortality tables	MR et MR-1 (si nés après 1950)/FR	MR et MR-1 (si nés après 1950)/FR

As per 31 December, the discount rate used to discount the liabilities is determined by reference to the market yield at reporting date of high quality corporate bonds with similar duration than the liabilities (source: Bloomberg).

The assumption for medical costs increase (including inflation) was determined based on the current contract. All assumptions represent the best estimate of the SNCB Group.

	31/12/2016	31/12/2015
Post-employment benefits	15,84	16,24
Other long-term benefits ^(*)	10,67	10,46
Termination benefits	7,80	7,56
Weighted average duration	14,99	15,15

(*) does not take into account the liability relative to the credit days

The assumptions relating to mortality are based on the official mortality tables and on the experience observed within the Belgian Railways.

	Active employees (life expectancy at retirement)	Non-active members
Men	20,6	15,6
Women	23,7	10,3

Sensitivity analysis

	Impact on liability as at 31/12/2016	
	Increase	Decrease
Discount rate (0,5% change)		
Post-employment benefits	-22.503.173,52	24.453.815,34
Other long-term benefits (*)	-1.071.882,25	1.135.736,49
Termination benefits	-877.484,20	913.601,97
Medical cost increase (1% change)	10.473.670,59	-8.236.195,63
Mortality (change of life expectancy with 1 year)	19.379.409,32	-

Note 20 – Provisions

20.1 Provisions

Movements in the provisions over the years 2015 and 2016 can be summarised as follows:

	Legal claims	Environmental provisions	Other provisions	Total
As at 1 January 2015	48.632.887,31	130.005.430,50	81.430.744,78	260.069.062,59
<u>Of which</u>				
Non-current	16.532.275,48	107.458.485,96	62.427.888,94	186.418.650,38
Current	32.100.611,83	22.546.944,54	19.002.855,84	73.650.412,21
Included in statement of comprehensive income				
Increase of the year	9.815.651,70	5.481.695,68	14.037.433,79	29.334.781,17
Utilization of the year	-6.132.884,56	-1.189.739,28	-13.491.577,36	-20.814.201,20
Decrease of the year (unused)	-9.167.998,71	-3.557.142,35	-27.861.274,76	-40.586.415,82
Change in discount rates	27.243,03	-2.382.771,00	41.282,62	-2.314.245,35
Unwinding of discount	224.627,57	443.799,08	422.244,13	1.090.670,78
Left scope				0,00
Transfers	63.480,15		-63.480,15	0,00
Other				0,00
As at 31 December 2015	43.463.006,49	128.801.272,63	54.515.373,05	226.779.652,17
<u>Of which</u>				
Non-current	11.144.230,24	93.499.040,72	35.989.595,03	140.632.865,99
Current	32.318.776,25	35.302.231,91	18.525.778,02	86.146.786,18

	Legal claims	Environmental provisions	Other provisions	Total
As at 1 January 2016	43.463.006,49	128.801.272,63	54.515.373,05	226.779.652,17
<u>Of which</u>				
Non-current	11.144.230,24	93.499.040,72	35.989.595,03	140.632.865,99
Current	32.318.776,25	35.302.231,91	18.525.778,02	86.146.786,18
Included in statement of comprehensive income				
Increase of the year	86.225.511,24	2.408.482,12	5.656.384,07	94.290.377,43
Utilization of the year	-7.174.071,77	-1.084.408,12	-17.843.288,14	-26.101.768,03
Decrease of the year (unused)	-6.169.432,57	-5.132.230,91	-1.396.479,19	-12.698.142,67
Change in discount rates	76.261,89	-1.255.901,90	53.481,98	-1.126.158,03
Unwinding of discount	242.925,52	315.276,33	94.988,73	653.190,58
Other movements	108.477,72		692.038,09	800.515,81
As at 31 December 2016	116.772.678,52	124.052.490,15	41.772.498,59	282.597.667,26
<u>Of which</u>				
Non-current	85.358.448,23	82.960.513,79	24.804.021,06	193.122.983,08
Current	31.414.230,29	41.091.976,36	16.968.477,53	89.474.684,18

The provision for legal claims represents the present value of the best estimate of resource outflows embodying economic benefits over 20 years because of legal claims filed against the SNCB Group. As at 31 December 2016, it amounts to 116.772.678,52 EUR at 31 December 2016 of which 113.728.089,93 EUR for the SNCB. In accordance with IAS 37 no detail is given with regards to these claims, taking into account the necessity to protect the own interests of the SNCB.

The provision for soil remediation is the present value of the estimated cost of work to be executed over a period of 20 years in respect of legal and constructive obligations for the depollution of the land.

The State has, within the framework of the rescue plan of the Cargo activity of the SNCB, in December 2009, submitted a file at the European Commission for approbation of the operational, organizational and financial measures introduced by the SNCB Group.

The European Commission has approved the assistance measures by decision of 26/05/2010 for the reorganization of the freight transport activities for an amount of 145 Million EUR, or:

- (i) 30 Million EUR of capital increase of the SNCB, the increase was done in January 2011 (7,5 Million EUR on 26/01/2011 and 22,5 Million EUR on 30/01/2011) ;
- (ii) 30 Million EUR in order to align the wages of the statutory employee detached to B-Logistics to market conditions ;
- (iii) 85 Million EUR in order to align the cost of the services « Station » and « Driving » to market conditions.

At 31 December 2016, the total provision for Cargo, as included in Other provisions, amounts to 25.734.194,27 EUR.

In EUR	
Agreement E.U.	145.000.000,00
Utilisation 02/2011 to 31/12/2016	-119.265.805,73
Balance E.U. help	25.734.194,27

Note 21 – Financial liabilities

21.1 Financial liabilities

This note provides information about the contractual terms of the Company's interest bearing loans and borrowings. For more information about the Company's exposure to interest rate risk, exchange rate risk and liquidity risk, see note 2.

The following table gives a detailed overview by type, separately for current and non-current financial liabilities:

Financial liabilities		31/12/2016				TOTAL
		IFRS 7			Autres	
		Nominal	Endettement net Ajustements de juste valeur	Charges à imputer		
Non-current financial liabilities	Note					
Bank borrowings		1.830.752.795,14	0,00	3.322.256,72	0,00	1.834.075.051,86
Bonds		633.371.743,09	0,00	4.173.331,92	0,00	637.545.075,01
Finance lease liabilities	21.2	12.482.334,46	0,00	0,00	0,00	12.482.334,46
Other financial liabilities		343.056.608,54	50.353.497,93	6.100.192,84	0,00	399.510.299,31
Total		2.819.663.481,23	50.353.497,93	13.595.781,48	0,00	2.883.612.760,64
Current financial liabilities						
Bank overdrafts	14	0,00	0,00	0,00	0,00	0,00
Bank borrowings		150.958.513,89	0,00	3.413.412,79	0,00	154.371.926,68
Bonds		0,00	0,00	8.197.301,09	0,00	8.197.301,09
Finance lease liabilities	21.2	669.533,57	0,00	59.614,46	0,00	729.148,03
Commercial paper		445.071.113,62	0,00	0,00	0,00	445.071.113,62
Other financial liabilities		38.266.868,78	0,00	2.286.168,19	0,00	40.553.036,97
Total		634.966.029,86	0,00	13.956.496,53	0,00	648.922.526,39
Total financial liabilities		3.454.629.511,09	50.353.497,93	27.552.278,01	0,00	3.532.535.287,03

Financial liabilities		31/12/2015				TOTAL
		IFRS 7			Other	
		Nominal	Net debt Fair value adjustments	Accrued expenses		
Non-current financial liabilities	Note					
Bank borrowings		1.540.326.076,61	0,00	3.044.575,11	0,00	1.543.370.651,72
Bonds		628.291.862,96	0,00	3.990.795,32	0,00	632.282.658,28
Finance lease liabilities	21.2	0,00	0,00	0,00	11.042.253,83	11.042.253,83
Other financial liabilities		346.770.916,74	45.944.119,38	6.767.442,27	0,00	399.482.478,39
Total		2.515.388.856,31	45.944.119,38	13.802.812,70	11.042.253,83	2.586.178.042,22
Current financial liabilities						
Bank overdrafts	14	0,00	0,00	0,00	0,00	0,00
Bank borrowings		249.633.867,68	0,00	4.116.282,25	0,00	253.750.149,93
Bonds		0,00	0,00	8.242.748,60	0,00	8.242.748,60
Finance lease liabilities	21.2	0,00	0,00	0,00	764.161,31	764.161,31
Commercial paper		580.046.181,73	0,00	0,00	0,00	580.046.181,73
Other financial liabilities		111.489.276,72	1.261.671,60	5.378.101,97	104.289,95	118.233.340,24
Total		941.169.326,13	1.261.671,60	17.737.132,82	868.451,26	961.036.581,81
Total financial liabilities		3.456.558.182,44	47.205.790,98	31.539.945,52	11.910.705,09	3.547.214.624,03

	31/12/2016	31/12/2015
Non-current financial liabilities		
SNCB	2.883.498.465,33	2.579.910.095,35
Subsidiaries	114.295,31	6.267.946,87
Carrying value	2.883.612.760,64	2.586.178.042,22
Current financial liabilities		
SNCB	644.752.645,95	960.518.154,66
Subsidiaries	4.169.880,44	518.427,15
Carrying value	648.922.526,39	961.036.581,81

The following table gives a more complete overview of all movements in financial liabilities:

	Changes in financial liabilities								31.12.2016
	31.12.2015	New transactions	Payments	Interest expense	Other revenues	Exchange impact	Adjustments to fair value	Impact mergers	
Bank overdrafts	0,00	0,00	-285,81	285,81	0,00	0,00	0,00	0,00	0,00
Bank borrowings	1.797.120.801,65	240.918.225,37	-80.559.409,71	28.428.659,03	0,00	2.538.702,20	0,00	0,00	1.988.446.978,54
Bonds	640.525.406,88	0,00	-13.077.157,72	18.294.126,94	0,00	0,00	0,00	0,00	645.742.376,10
Finance lease liabilities	11.806.415,14	0,00	-1.973.657,32	1.382.976,26	-65.779,96	0,00	0,00	2.061.528,37	13.211.482,49
Commercial paper	580.046.181,75	445.000.000,00	-579.426.845,46	0,00	-548.222,65	0,00	0,00	0,00	445.071.113,62
Other financial liabilities	517.715.818,65	14.413.331,31	-121.685.032,07	20.080.554,72	-73.607,37	6.464.564,11	3.147.706,95	0,00	440.063.336,28
Total	3.547.214.624,05	700.331.556,68	-796.722.388,09	68.186.602,76	-687.609,98	9.003.266,31	3.147.706,95	2.061.528,37	3.532.535.287,05

The SNCB Group concluded two new fixed rate credits in 2016:

- One bank loan at variable rate, with repayment in instalments, as part of the construction project in Wetteren.
- One financing with Eurofima at fixed rate for a total amount of 200 million EUR with a maturity of seven years.

Besides the Eurofima operations mentioned above, the SNCB Group concluded 3 contractually agreed refinancing contracts with Eurofima for a total amount of 194,1 million EUR where the existing floating rate financing will be replaced with new floating rate financing. Two of these refinancings have a term of 7 years, the third a term of 10 years.

Total payments may be subdivided into repayments of the outstanding of existing debts (756.451.686,18 EUR) and interest payments (40.270.701,91 EUR).

The fair value of financial liabilities is included in note 32.

Characteristics of the financial liabilities

The following table divides the different financial debts by emission currency, type of coupon and maturity.

Characteristics of the financial liabilities	31/12/2016				
	Currency	Coupon	Final maturity	Nominal (Currency)	Carrying amount (EUR)
Bank overdrafts	EUR	N/A	< 1 year		
	<i>Total EUR</i>			0,00	0,00
Total Bank overdrafts				0,00	0,00
Bank borrowings	EUR	Floating	< 1 year	144.443.723,96	144.365.463,26
			1 - 2 years	114.350.000,00	114.346.575,85
			2 - 5 years	163.000.000,00	263.136.766,45
			> 5 years	413.344.692,18	413.362.329,46
		0% - 2%	2 - 5 years	200.000.000,00	200.677.222,22
			> 5 years	371.651.300,00	372.355.342,68
		2% - 4%	> 5 years	415.000.000,00	405.538.024,36
	<i>Total EUR</i>			1.821.789.716,14	1.913.781.724,28
	USD	4% - 6%	> 5 years	34.588.057,01	34.729.813,76
		6% - 8%	> 5 years	40.794.780,31	39.935.440,50
	<i>Total USD</i>			75.382.837,32	74.665.254,26
Total bank borrowings					1.988.446.978,54
Bonds	EUR	Floating	2 - 5 years	109.000.000,00	109.041.315,83
		Zero Coupon	> 5 years	213.000.000,00	101.736.780,54
		0% - 2%	> 5 years	190.000.000,00	189.512.725,97
		2% - 4%	2 - 5 years	25.000.000,00	25.729.452,31
			> 5 years	100.000.000,00	102.211.011,69
		4% - 6%	2 - 5 years	60.000.000,00	61.544.246,57
			> 5 years	55.000.000,00	55.966.843,19
	<i>Total EUR</i>			752.000.000,00	645.742.376,10
Total bonds					645.742.376,10
Finance lease liabilities	EUR	0% - 2%	1 - 2 years	341.042,23	341.042,23
		4% - 6%	> 5 years	7.380.218,64	7.439.833,10
		6% - 8%	> 5 years	5.430.607,16	5.430.607,16
	<i>Total EUR</i>			13.151.868,03	13.211.482,49
Total finance lease liabilities					13.211.482,49
Commercial paper	EUR	N/A	< 1 year	445.000.000,00	445.071.113,62
	<i>Total EUR</i>			445.000.000,00	445.071.113,62
Total commercial paper				445.000.000,00	445.071.113,62
Other financial liabilities	EUR	Floating	< 1 year	8.243.859,43	8.243.859,43
		0% - 2%	1 - 2 years	18.409,56	18.409,56
		4% - 6%	2 - 5 years	105.475.414,00	105.606.609,09
			> 5 years	72.422.109,06	72.472.231,11
	<i>Total EUR</i>			186.159.792,05	186.341.109,19
	USD	4% - 6%	> 5 years	68.295.038,55	90.165.553,76
		6% - 8%	< 1 year	31.624.848,18	30.981.382,86
			> 5 years	105.782.637,53	132.575.290,47
	<i>Total USD</i>			205.702.524,26	253.722.227,09
Total other financial liabilities					440.063.336,28
Total financial liabilities					3.532.535.287,03

Characteristics of the financial liabilities	31/12/2015				
	Currency	Coupon	Final maturity	Nominal (Currency)	Carrying amount (EUR)
Bank overdrafts	EUR	N/A	< 1 year	0,00	0,00
	<i>Total EUR</i>			<i>0,00</i>	<i>0,00</i>
Total bank overdrafts				0,00	0,00
Bank borrowings	EUR	Floating	< 1 year	194.100.000,00	194.151.204,96
			1 - 2 years	85.219.000,00	85.255.435,86
			2 - 5 years	240.350.000,00	240.544.616,03
			> 5 years	380.078.559,87	380.185.547,71
		0% - 2%	2 - 5 years	200.000.000,00	200.643.297,22
			> 5 years	172.307.600,20	172.392.982,81
		2% - 4%	< 1 year	50.000.000,00	51.055.000,00
			> 5 year	415.000.000,00	403.819.601,98
	<i>Total EUR</i>			<i>1.737.055.160,07</i>	<i>1.728.047.686,57</i>
	USD	4% - 6%	> 5 years	32.707.933,59	31.681.723,90
		6% - 8%	> 5 years	39.622.002,10	37.391.391,18
	<i>Total USD</i>			<i>72.329.935,69</i>	<i>69.073.115,08</i>
Total bank borrowings					1.797.120.801,65
Bonds	EUR	Floating	2 - 5 years	109.000.000,00	109.076.708,96
		Zero Coupon	> 5 years	213.000.000,00	96.741.097,81
		0% - 2%	> 5 years	190.000.000,00	189.454.558,81
		2% - 4%	2 - 5 years	25.000.000,00	25.723.109,34
			> 5 years	100.000.000,00	102.199.624,30
		4% - 6%	2 - 5 years	60.000.000,00	61.442.458,55
			> 5 years	55.000.000,00	55.887.849,11
	<i>Total EUR</i>			<i>752.000.000,00</i>	<i>640.525.406,88</i>
Total bonds					640.525.406,88
Finance lease liabilities	EUR	0% - 2%	2 - 5 years	631.134,75	631.134,75
		4% - 6%	> 5 years	5.394.649,12	5.394.649,12
		> 10%	> 5 years	5.780.631,27	5.780.631,27
	<i>Total EUR</i>			<i>11.806.415,14</i>	<i>11.806.415,14</i>
Total finance lease liabilities					11.806.415,14
Commercial paper	EUR	N/A	< 1 year	580.108.540,63	580.046.181,73
	<i>Total EUR</i>			<i>580.108.540,63</i>	<i>580.046.181,73</i>
Total commercial paper				580.108.540,63	580.046.181,73
Other financial liabilities	EUR	Variable	< 1 year	1.908.854,17	1.908.854,17
		0% - 2%	< 1 year	104.289,95	104.289,95
		4% - 6%	< 1 year	45.469.734,18	45.556.226,39
			2 - 5 years	42.097.352,78	42.183.850,79
			> 5 years	127.194.222,05	127.279.884,33
	<i>Total EUR</i>			<i>216.774.453,13</i>	<i>217.033.105,63</i>
	USD	4% - 6%	> 5 years	64.737.800,37	83.216.543,77
		6% - 8%	< 1 year	46.112.167,72	45.147.824,89
			1 - 2 years	35.624.835,49	33.667.016,49
			> 5 years	99.043.922,78	119.157.314,33
		8% - 10%	< 1 year	18.442.540,74	19.494.013,52
	<i>Total USD</i>			<i>263.961.267,10</i>	<i>300.682.713,00</i>
Total other financial liabilities					517.715.818,63
Total financial liabilities					3.547.214.624,03

21.2 Financial liabilities relating to finance lease

Maturities of the finance lease liabilities are as follows:

	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Present value of future minimum payments				
- 31/12/2016				
Future minimum lease payments	1.973.657,32	7.091.364,27	23.006.018,38	32.071.039,97
Future interests / expenses on contracts	-1.244.509,29	-4.051.250,90	-13.563.797,29	-18.859.557,48
Total	729.148,03	3.040.113,37	9.442.221,09	13.211.482,49
Present value of future minimum payments				
- 31/12/2015				
Future minimum lease payments	1.973.657,32	7.378.244,23	24.750.171,74	34.102.073,29
Future interests / expenses on contracts	-1.209.496,01	-4.790.115,42	-16.296.046,72	-22.295.658,15
Total	764.161,31	2.588.128,81	8.454.125,02	11.806.415,14

Contingent rents recognised in the income statement under finance leases amount to 63.684,82 EUR (2015: 0,00 EUR) and are related to indexations. In 2015, following an amendment to the Salik long lease contract providing for an adjustment of the long lease, the finance lease debt was recalculated. Therefore, no contingent rent was recognised in the income statement of 2015 under finance lease contracts.

Commitments for minimum rents due under non-cancellable operating lease contracts are included in note 34.

Note 22 – Deferred tax assets/liabilities

	31/12/2016	31/12/2015
Current taxes		
Current tax receivables		
Current tax debts	-3.638.350,26	-857.796,05
Net position for current taxes	-3.638.350,26	-857.796,05
Deferred taxes		
Deferred tax assets	0,00	0,00
Deferred tax liabilities	-24.486,80	-27.914,79
Net position of deferred taxes	-24.486,80	-27.914,79

Movements of the reporting period can be summarised as follows:

	31/12/2016	31/12/2015
Deferred tax assets		
As at 1 January	-27.914,79	-29.820,54
Taxes recognised in net result	3.427,99	1.905,75
Taxes recognised in other comprehensive income		
As at 31 December	-24.486,80	-27.914,79

	Financial statement	
	31/12/2016	31/12/2015
Deferred tax assets		
Tax losses carried forward and fiscal deductions	487.308.619,01	440.250.652,31
Liabilities for employee benefits	48.633.799,98	45.062.550,14
Write down on trade and other receivables		0,00
Financial instruments at fair value	46.854.178,68	40.604.727,45
Provisions		1.194.694,36
Gross deferred tax assets	582.796.597,67	527.112.624,26
Deferred tax liabilities		
Property, plant and equipment and investment property	47.897.534,36	49.869.304,84
Gross deferred tax liabilities	47.897.534,36	49.869.304,84
Less unrecognized deferred tax assets	-534.923.550,11	-477.271.234,21
Net position of deferred taxes	-24.486,80	-27.914,79

The tax losses and fiscal deductions can be carried forward indefinitely and have no expiry date, except for 8.696.656,46 EUR (2015: 15.908.326,45 EUR) which is recoverable over a limited period of 7 years.

The ability of the SNCB Group to recover the deferred tax assets is examined through business plans, risks linked to the economic climate and to uncertainties on markets in which the SNCB Group intervenes. Considering these various uncertainties, the SNCB Group has considered a timeframe of 3 years for the analysis. The underlying assumptions of this analysis are reviewed annually.

Note 23 – Trade and other payables

		31/12/2016	31/12/2015
	Note		
Non-current trade payables			
Public authorities		0,00	0,00
Suppliers		142.140,00	143.685,00
Advances received relative to construction contracts	10	9.326.052,12	15.829.237,56
Total		9.468.192,12	15.972.922,56
Current trade payables			
Public authorities		2.379.639,25	390.373,83
Suppliers		387.643.073,10	376.221.117,49
Advances received relative to construction contracts	10	6.256.617,14	11.100.824,59
Total		396.279.329,49	387.712.315,91
Total trade payables		405.747.521,61	403.685.238,47

Of which:

		31/12/2016	31/12/2015
Non-current			
SNCB		9.326.052,12	14.648.295,01
Other subsidiaries		142.140,00	1.324.627,55
Carrying value		9.468.192,12	15.972.922,56
Courant			
SNCB		358.288.959,41	329.158.202,17
Other subsidiaries		37.990.370,08	58.554.113,74
Carrying value		396.279.329,49	387.712.315,91

At the SNCB, non-current trade and other payables relate to advances received under the co-financing agreements.

Note 24 – Social debts

	31/12/2016	31/12/2015
Withholding tax	246.311,36	231.777,64
Social security contributions	145.067,41	74.861,66
Wages	113.012,02	92.644,37
Holiday pay	55.645.591,70	57.759.684,39
Other social debts	35.429.801,00	37.980.673,78
Total	91.579.783,49	96.139.641,84
Of which		
Social debts that are due	1.215.441,53	57.376,42
Social debts not yet due	90.364.341,96	96.082.265,42

As per 31 December 2016 (2015), the SNCB holds 85.205.000,16 EUR (90.663.312,91 EUR) of total consolidated unexpired social debts. The part held by its subsidiaries amounts to 6.374.783,33 EUR (5.476.328,93 EUR).

Note 25 – Grants

25.1 Investment grants

The changes during the year can be summarized as follows:

	31/12/2016	31/12/2015
Investment grants		
At the beginning of the year	6.104.854.589,37	5.827.332.414,52
New grants	683.971.050,59	627.886.621,25
Allocated to property, plant and equipment and intangible assets	-351.168.349,10	-350.364.446,40
Other movements	0,00	0,00
Balance at the end of the period	6.437.657.290,86	6.104.854.589,37
Of which		
Non-current	6.071.274.437,10	5.768.300.516,58
Current	366.382.853,76	336.554.072,79

Investment grants obtained for investments in intangible assets and property, plant and equipment, are presented as liabilities in the statement of financial position and are recognised in operating result over the period necessary to match them with the related costs i.e. the fixed assets for which they were obtained, on a systematic basis using the depreciation rate.

The investment grants that are granted but not yet received are recognised as Trade and other receivables.

The new grants that are granted in 2016 are completely attributed to the parent company. There are no new investment grants acquired by the subsidiaries.

The amount of -351.168.349,10 EUR in 2016 (2015: -350.364.446,40) relates for -361.039.218,95 EUR (2015: -358.448.856,12 EUR) to the recognition of investment grants in operating result and for 9.870.869,85 EUR (2015: 8.084.409,72 EUR) to the grants cancelled through operating result due to disposal of subsidised assets.

25.2 Operating grants

The changes during the reporting period can be summarized as follows:

	31/12/2016	31/12/2015
Operating grants		
At the beginning of the period	384.189.525,50	386.895.311,40
New grants	1.130.465.684,75	1.133.441.161,34
Payments received	-1.141.305.725,17	-1.135.528.947,24
Other movements	-1.800.000,00	-618.000,00
Balance at the end of the period	371.549.485,08	384.189.525,50

	31/12/2016	31/12/2015
New operating grants		
SNCB	1.130.259.144,31	1.133.053.141,82
Subsidiaries	206.540,44	388.019,52
Total	1.130.465.684,75	1.133.441.161,34

The operating grants of the SNCB Group are mainly those of the parent company. They include grants for (fixed and variable), the allowances for security, the battle against terrorism and radicalism and economic recovery.

By Royal Decree of 22 December 2016 changing the Royal Decree of 23 December 2013 drawing up the temporary rules that apply as management contract of Infrabel and the SNCB, as a consequence of the attacks in Paris and in Brussels, additional grants (investment and operating) have been attributed to the SNCB to cover the costs of specific projects within the framework of the battle against the terrorism. For 2016, the State has provided a global amount of 9.780.000,00 EUR, of which 8.780.000,00 EUR as investment grants and 1.000.000,00 EUR as operating grants.

Grants to compensate for commuting are included in turnover.

The operating grants that are granted but not yet received are recognised under Trade and other receivables.

25.3 Financial grants

The changes during the reporting period can be summarized as follows:

	31/12/2016	31/12/2015
Financial grants to be received		
At the beginning of the period	14.280.733,35	13.600.253,34
New grants	28.632.139,90	28.904.122,34
Payments received	-27.303.306,92	-28.223.642,33
Other movements		
Balance at the end of the period	15.609.566,33	14.280.733,35

Financial grants include interest income arising from receivables towards the Belgian State, resulting from the pre-financing contracts "Te kort TGV" for regional priority projects and the pre-financing contracts for rolling stock. The interests earned under the Back-to-Back contracts are not considered grants.

The receivables for financial grants are recognised under 'Trade receivables and other receivables'.

New financial grants are recognised in result and deducted from the financial expenses. In 2016, the SNCB has recognized 26.858.850,25 EUR (2015: 27.796.197,72 EUR) of new financial grants and SPV LLN has recognized 1.773.289,65 EUR (2015: 1.107.924,62 EUR) of new financial grants.

Note 26 – Other amounts payable

	31/12/2016	31/12/2015
Other amounts payable - non-current		
Funds managed for third parties	149.062.114,21	179.309.600,00
Fees relating to cross border arrangements	35.152.445,55	40.001.680,46
Debts to related parties	17.304.346,16	0,00
Guarantees in cash	236.107,88	235.859,99
Other amounts payables	817.800,00	925.512,31
Total	202.572.813,80	220.472.652,76
Other amounts payable - current		
Funds managed for third parties	75.000.000,00	114.300.000,00
Fees relating to cross border arrangements	4.550.021,20	6.589.198,91
Deferred income	117.283.478,95	113.787.524,24
Accrued expenses	20.461.265,94	69.049.761,97
CSA	42.300.000,00	39.400.000,00
Debts to related parties	1.883.685,49	17.474.976,14
Various debts relative to the State	5.437.585,44	7.912.075,23
VAT, taxes and withholding tax to be paid	2.711.365,63	8.729.948,82
Other amounts payables	23.056.569,17	22.455.359,71
Total	292.683.971,82	399.698.845,02
Total other amounts payable	495.256.785,62	620.171.497,78

As per 31 December 2016, SNCB holds 479.716.830,03 EUR (600.938.821,96 EUR in 2015) of total other liabilities. The remaining part of 15.539.955,59 EUR (19.232.675,82 EUR in 2015) relates to the subsidiaries.

As per 31 December 2016 total other liabilities of the SNCB relate to debts towards the Belgian State in the context of the REN fund 224.062.114,21 EUR (293.609.600,00 EUR in 2015), guaranteed deposits within the framework of CSA 42.300.000,00 EUR (39.400.000,00 EUR in 2015) and fees relating to cross border arrangements (NPV) 39.702.466,75 EUR (46.590.879,37 EUR in 2015).

The deferred income and the accrued expenses relate mainly to SNCB and include principally the income and expenses with respect to traffic and relations between networks.

Payables to related parties arise from transactions between SNCB and HR-Rail, company accounted for using the equity method in the financial statements of 2016 and 2015.

The liabilities related to the State in 2016 include mainly the part of the operating grants and the investment grants received by the SNCB within the framework of the antiterrorism measures that are higher than the real operating and investment expenses of the SNCB.

Note 27 – Operating income and expenses

27.1 Operating income

27.1.1 Turnover

	31/12/2016	31/12/2015
Transport	746.634.603,03	809.613.957,24
<i>National</i>	648.875.700,69	661.428.245,32
<i>International</i>	86.330.042,27	135.193.699,44
<i>Freight Services</i>	11.428.860,07	12.992.012,48
Real estate management	245.699.692,56	225.136.575,63
Services - studies and assistance	33.410.755,34	48.949.094,83
Services- information technology	13.255.877,89	9.894.355,41
Sale of assets	28.741.432,18	11.798.490,97
Miscellaneous	60.973.476,58	101.577.409,24
Total turnover	1.128.715.837,58	1.206.969.883,32

Of which:

	31/12/2016	31/12/2015
SNCB	999.800.126,94	1.086.496.243,52
Group Eurostation	44.049.492,30	33.962.009,52
Ypto	51.808.230,16	49.750.789,34
Transurb	11.703.654,01	12.799.980,18
B-Parking	3.185.373,66	1.245.120,66
Other subsidiaries	18.168.960,51	22.715.740,10
Total turnover	1.128.715.837,58	1.206.969.883,32

27.1.2 Other operating income

	31/12/2016	31/12/2015
Gain on disposal of intangible assets, property, plant and equipment, investment property and non-current assets held for sale	17.778.497,25	7.005.586,76
Gain on contribution of a business to THI Factory	3.420.000,00	156.624.210,22
NPV on cross-border arrangements	7.146.417,48	10.318.106,95
Expenses recharged	17.359.364,15	2.397.481,43
Miscellaneous operating income (fines, received compensation, etc.)	21.842.418,39	16.666.675,18
Other	18.596.001,91	15.725.690,31
Total other operating income	86.142.699,18	208.737.750,85

Of which:

	31/12/2016	31/12/2015
SNCB	76.156.647,46	203.674.747,30
Group Eurostation	8.165.907,44	3.311.009,37
Other subsidiaries	1.820.144,28	1.751.994,18
Total other operating income	86.142.699,18	208.737.750,85

At 31 December 2016, the gains on disposal of intangible assets, property, plant and equipment and non-current assets held for sale relate mainly to the SNCB (17.775.997,25 EUR) and concern the disposal of rolling stock and land and buildings (see note 15. Non-current assets held for sale). The gain on the sale of a company to THI Factory concerns the contractual foreseen adaptation of the payment related to the contribution in THI Factory in 2015. The amount of the cash payment of 32.500.000,00 EUR in 2015 has been adapted in 2016 for the amount of 3.420.000,00 EUR.

The expenses recharges in 2016 include an amount of 14.472.439,00 EUR related to the SNCB for the intervention of the NS in the operational losses of ICZ Brussels-Amsterdam within the framework of the "Samenwerkingsafpraak".

27.2 Operating expenses

27.2.1 Services and other goods

	31/12/2016	31/12/2015
Long term rent and rental charges	45.327.576,84	50.390.705,97
Maintenance and repairs	88.011.011,74	87.352.977,60
Goods	123.159.518,22	124.007.882,78
Expenses related to operational activities	29.042.582,96	41.755.228,07
Payments to third parties	150.176.205,48	175.158.685,81
Contributions	666.492.646,35	665.580.535,78
HR Rail costs and miscellaneous personnel costs	50.337.357,84	50.795.587,40
Provisions for risks and charges	53.689.348,95	-34.380.081,20
Other	92.141.300,61	98.867.543,47
Total services and other goods	1.298.377.548,99	1.259.529.065,68

Of which:

	31/12/2016	31/12/2015
SNCB	1.157.723.225,74	1.089.076.084,82
Group Eurostation	58.822.851,67	65.605.420,50
Ypto	60.930.463,31	61.286.176,93
SPV LLN	7.306.898,63	6.928,13
Eurogare	5.109.545,07	35.635.788,33
Other subsidiaries	8.484.564,57	7.918.666,97
Total services and other goods	1.298.377.548,99	1.259.529.065,68

27.2.2 Other operating expenses

	31/12/2016	31/12/2015
Losses on disposal of property, plant and equipment, intangible assets, investment property and non-current assets held for sale	1.009.837,90	1.783.187,41
Losses on disposal of interests under equity method	496.298,18	0,00
Impairment on trade and other receivables	18.509.530,21	2.627.989,70
Impairment on contracts in progress	-167.537,99	-868.070,89
Impairment on inventories	12.817.887,05	2.316.161,11
Impairment on non-current assets held for sale	9.588.007,87	770.813,29
Other operating expenses	7.463.391,34	5.506.762,21
Total other operating expenses	49.717.414,56	12.136.842,83

Of which:

	31/12/2016	31/12/2015
SNCB	43.539.899,64	11.287.490,24
Subsidiaries	6.177.514,92	849.352,59
Total other operating expenses	49.717.414,56	12.136.842,83

The loss on disposal of 1.009.837,90 EUR generated as a consequence of the sale of the buildings and land of the SNCB. The sale by the SNCB of Liège Container Terminal, company accounted for under equity method, has generated a consolidated loss of 496.298,18 EUR

Note 28 – Employee benefit expenses

28.1 Employee benefit expenses

		31/12/2016	31/12/2015
	Note		
Wages, salaries and other short-term benefits		1.059.735.032,70	1.146.343.809,83
Social security expenses		8.340.047,60	9.233.575,96
Defined contribution plans		2.557.918,10	2.194.011,42
Post-employment benefits	19.3	8.600.249,61	8.755.595,75
Other long-term employee benefits	19.3	44.439.110,94	65.138.147,29
Termination benefits	19.3	1.670.012,14	-376.881,00
Other		3.398.156,68	1.410.913,33
Total employee benefit expenses		1.128.740.527,77	1.232.699.172,58

The financial expenses relating to employee benefits are recognized in financial results (cf. note 29)

28.2 Staff

	31/12/2016	31/12/2015
A. Staff		
Average number of employees (in FTE)	19.368	20.274
Blue-collar workers	10.352	11.000
White-collar workers	8.693	8.947
Management	324	327
Others	0	0
B. Interim personnel (in FTE)		
Average number based on the full time equivalents	N.D.	N.D.

Note 29 – Financial income and expenses

29.1 Financial income

		31/12/2016	31/12/2015
	Note		
<i>Interest income on</i>		<u>22.649.642,21</u>	<u>26.053.294,69</u>
unimpaired held to maturity investments		11.475,00	446.692,42
impaired held to maturity investments		0,00	0,00
unimpaired loans and receivables		19.207.600,34	19.659.243,11
impaired loans and receivables		1.131,09	3.148,71
derivatives		-132.983,58	3.205.659,20
financial assets measured at fair value through profit or loss		3.562.419,36	2.738.551,25
available for sale financial assets	12.2	0,00	0,00
<i>Net change in fair value of</i>		<u>48.860.283,56</u>	<u>81.092.252,16</u>
financial assets designated at fair value through profit or loss		0,00	1.121.487,45
financial liabilities designated at fair value through profit or loss		1.261.671,60	4.179.064,00
derivatives		47.598.611,96	75.791.700,71
available for sale financial assets recycled into net result		0,00	0,00
<i>Reversal of impairment on</i>		<u>0,00</u>	<u>0,00</u>
available for sale assets		0,00	0,00
held to maturity investments		0,00	0,00
loans and receivables		0,00	0,00
<i>Gains from foreign exchange differences</i>		16.883.634,79	7.557.723,58
<i>Gain on disposal of loans and receivables</i>		1.396.294,52	3,00
<i>Dividends received</i>		2.915.186,62	1.306.016,31
<i>Other financial income</i>		800.508,94	8.029.637,50
Total financial income		93.505.550,64	124.038.927,24

29.2 Financial expenses

		31/12/2016	31/12/2015
	Note		
<i>Interest expenses on:</i>		<u>73.386.925,02</u>	<u>77.104.282,01</u>
financial liabilities measured at amortised cost		33.307.936,99	35.395.548,61
financial assets liabilities at fair value through profit or loss		24.389.927,23	24.035.421,28
financial liabilities held for trading		6.784.821,40	10.290.174,06
finance lease liabilities		1.382.976,26	1.450.762,60
employee benefit obligations	19.3	6.868.072,56	4.841.704,68
provisions	20	653.190,58	1.090.670,78
<i>Capitalised finance costs</i>		-66.004,62	-153.937,87
<i>Net change in fair value of</i>		<u>46.823.377,06</u>	<u>41.471.691,48</u>
financial assets designated at fair value through profit or loss		1.777.871,41	685.510,25
financial liabilities designated at fair value through profit or loss		4.409.378,55	3.147.763,35
derivatives		40.636.127,10	37.638.417,88
available-for-sale financial assets recycled into net result		0,00	0,00
<i>Impairment on</i>		<u>1.131,09</u>	<u>4.317,71</u>
available-for-sale financial assets	12.2	0,00	0,00
held-to-maturity investments		0,00	0,00
on loans and receivables		1.131,09	4.317,71
<i>Loss on disposal of loans and receivables</i>		0,00	0,00
<i>Losses from foreign exchange differences</i>		16.084.516,88	5.884.552,39
<i>Other financial expenses</i>		3.119.865,39	22.076.149,78
Total financial expenses		139.349.810,82	146.387.055,50

Note 30 – Income tax

		31/12/2016	31/12/2015
	<u>Note</u>		
Current taxes through net income		-5.499.028,10	-1.394.920,35
Deferred taxes through net income	22	3.427,99	1.905,75
Deferred taxes through other comprehensive income	22		0,00
Tax (expense)/income on total comprehensive income		-5.495.600,11	-1.393.014,60

	2016	2015
Result before taxes	-238.449.025,10	166.886.538,20
Income taxes calculated based on tax rate of 33,99%	81.048.823,63	-56.724.734,33
Effect of disallowed expenses	-13.749.281,06	-15.657.375,47
Taxes related to interest under equity method	-6.478,42	1.082.703,73
Other permanent differences	-12.365.587,85	15.495.580,64
Change in accounting of deferred tax assets	-60.423.076,41	54.410.810,83
Tax (expense)/income on total comprehensive income from continuing operations	-5.495.600,11	-1.393.014,60

Note 31 – Contingent assets and liabilities

The contingent assets amount to 6.897.657,34 EUR (2015: 621.324,55 EUR) and represent mainly amounts claimed by the SNCB Group from third parties responsible for disability for staff members. From 2016 the contingent liabilities include the recovery of costs due by third parties, but not yet cashed by the SNCB Group (6.380.980,32 EUR).

The contingent liabilities amount to 504.714,66 EUR (2015: 918.230,02 EUR) and mainly represent the legal claims against the SNCB Group for which the probability that an outflow of resources will be required to settle the obligation is remote at that date.

Note 32 – Additional information on financial instruments

32.1 Financial assets

	Classification according to IAS 39	Carrying amount at 31/12/2016	Fair value at 31/12/2016	Carrying amount at 31/12/2015	Fair value at 31/12/2015
Non-current financial assets					
Trade and other receivables	Loans and receivables measured at amortised cost	803.277.448,51	803.277.448,51	788.211.604,34	788.211.604,34
	Loans and receivables designated at fair value through profit or loss	0,00	0,00	0,00	0,00
Derivatives	Financial assets at fair value through profit or loss held for trading	299.242.346,03	299.242.346,03	276.915.944,49	276.915.944,49
Other financial assets	Available-for-sale assets at fair value through equity	51.274.180,31	51.274.180,31	51.274.180,31	51.274.180,31
	Financial assets designated at fair value through profit or loss	112.566.546,52	112.566.546,52	108.311.320,09	108.311.320,09
	Financial assets at fair value through profit or loss held for trading	86.923.913,48	86.923.913,48	77.406.086,58	77.406.086,58
	Financial assets measured at amortised cost	385.106.027,49	463.977.369,08	395.782.773,46	478.050.657,46
Total		1.738.390.462,34	1.817.261.803,93	1.697.901.909,27	1.780.169.793,27
Current financial assets					
Trade and other receivables	Loans and receivables measured at amortised cost	1.214.264.080,19	1.214.264.080,19	1.072.957.307,24	1.072.957.307,24
	Loans and receivables designated at fair value through profit or loss	203.790,83	203.790,83	250.692,34	250.692,34
Derivatives	Financial assets at fair value through profit or loss held for trading	196.419,58	196.419,58	39.405.719,19	39.405.719,19
Other financial assets	Available-for-sale assets at fair value through equity	0,00	0,00	0,00	0,00
	Financial assets designated at fair value through profit or loss	253.379,77	253.379,77	20.384.277,98	20.384.277,98
	Financial assets at fair value through profit or loss held for trading	-13.836,13	-13.836,13	-23.322,04	-23.322,04
	Financial assets measured at amortised cost	31.272.067,75	31.347.274,51	31.346.187,81	31.419.411,72
	Financial assets held to maturity measured at amortised cost	0,00	0,00	0,00	0,00
Total		1.246.175.901,99	1.246.251.108,75	1.164.320.862,52	1.164.394.086,43

This analysis only relates to financial assets in scope of IFRS 7, excluding therefore deferred charges, amounts relating to construction contracts, etc.

The SNCB Group considers the nominal value of "Trade and Other receivables", as of now not measured at fair value, as a reasonable approximation of its fair value. This category includes (i) short-term receivables without a significant financing component and (ii) long-term interest bearing receivables towards the Belgian State.

The fair value of financial assets measured at amortised cost (included in Other financial assets) is calculated using the same models and assumptions as those used for determining the fair value of financial assets designated as at fair value through profit or loss on initial recognition. Regarding the investments classified as 'held to maturity', the SNCB Group considers the nominal value as a reasonable approximation for its fair value, given the remaining term and the current low discount rate.

Financial liabilities

	Classification according to IAS 39	Carrying amount at 31/12/2016	Fair value at 31/12/2016	Carrying amount at 31/12/2015	Fair value at 31/12/2015
Non-current financial liabilities					
Financial liabilities	Financial liabilities measured at amortised cost	2.735.948.797,10	3.115.046.164,47	2.450.438.007,96	2.766.475.909,15
	Financial liabilities designated at fair value through profit or loss	147.663.963,54	147.663.963,54	135.740.034,26	135.740.034,26
Derivatives	Financial liabilities at fair value through profit or loss	453.524.953,00	453.524.953,00	456.579.639,07	456.579.639,07
Trade and other payables	Financial liabilities measured at amortised cost	142.140,00	142.140,00	143.685,00	143.685,00
Other liabilities	Financial liabilities measured at amortised cost	166.608.368,25	166.608.368,25	179.658.972,30	179.658.972,30
Total		3.503.888.221,89	3.882.985.589,26	3.222.560.338,59	3.538.598.239,78
Current financial liabilities					
Financial liabilities	Financial liabilities measured at amortised cost	647.617.564,35	647.476.516,59	896.115.849,13	896.948.969,21
	Financial liabilities designated at fair value through profit or loss	1.304.962,04	1.304.962,04	64.920.732,68	64.920.732,68
Derivatives	Financial liabilities at fair value through profit or loss	12.573.763,49	12.573.763,49	34.039.570,89	34.039.570,89
Trade and other payables	Financial liabilities measured at amortised cost	373.464.686,12	373.464.686,12	374.337.126,27	374.337.126,27
Other liabilities	Financial liabilities measured at amortised cost	167.538.037,98	167.538.037,98	270.181.002,71	270.181.002,71
Total		1.202.499.013,98	1.202.357.966,22	1.639.594.281,68	1.640.427.401,76

This analysis only relates to financial liabilities in scope of IFRS 7, excluding therefore deferred income, amounts relating to construction contracts, etc.

The SNCB Group considers the nominal value of Trade payables and Other liabilities as a reasonable approximation of its fair value. The Trade payables primarily consist of short-term liabilities without a significant financing component. Other liabilities mainly include (i) liabilities towards the Belgian State recognised for management of the REN Fund (short and long term) and (ii) cash collateral received as part of CSA contracts.

The fair value of liabilities measured at amortised cost is calculated using the same models and assumptions as those used to for the fair value measurement of liabilities designated as at fair value through profit or loss on initial recognition.

Note 33 – Cross-border arrangements

The SNCB Group entered into several cross-border leasing transactions (assets sold or leased to a Trust, and then immediately leased back to the SNCB Group) aimed at realising financial benefits shared with the Trust. These so-called "Cross-border arrangements" are accounted for based on their economic substance in accordance with SIC-27. The underlying property, plant and equipment of those transactions can be grouped as follows:

- Rolling stock (diesel and electrical engines, self-propelled cars, high-speed trains and passenger coaches): the related agreements have an initial basic term between 13 and 28 years.
- Qualified technological equipment: the related agreements have an initial basic term of 16 years.
- Administrative buildings: the related agreements have an initial basic term of 29,5 years.

The transactions do entail some restrictions on the use of the underlying assets (e.g. no disposal, no sublease without prior consent of the Trust). The risks are limited to risks related to the ownership of the asset, risks arising from Belgian legislation and the credit risk of counterparties to which the investment account was maintained.

The SNCB Group kept the property, plant and equipment on its statement of financial position and has not yet recognized any gain or loss from the sale transactions to the Trust. This property, plant and equipment relating to cross-border arrangements are primarily for own use of are the subject of finance lease contracts with companies of the SNCB Group or other companies that are part of the sphere of influence of the SNCB Group as explained in note 9.3.

The investment accounts of the Company (investment of a portion of the proceeds arising from the sale or head lease) and related payment obligations towards the Trust (over the term of the arrangement) are recognised in the Company's consolidated statement of financial position except for investment accounts with Governmental entities or supranational organizations counterparties (or guaranteed by Governmental entities) which represent 1.387.342.317,38 EUR (1.586.403.513,45 EUR) as per 31 December 2016 (2015). The investment accounts and related payment obligations towards the Trust are recognised in accordance with IAS 39 as explained in the notes "Other financial assets" and "Financial liabilities". As per 31 December 2016 (2015), 331.515.161,4 EUR (362.163.167,32 EUR) has been recognised as investment accounts. On the other hand, 986.361.122,97 EUR (1.170.422.628,46 EUR) as per 31 December 2016 (2015) has been recognised with respect to the payment obligations towards the Trust.

For certain transactions, the SNCB Group used derivatives in order to hedge interest rate and foreign exchange risks. In those cases the SNCB Group applied the fair value option as stipulated by IAS 39 to account for the financial assets and liabilities. The use of derivatives is explained in note 11. As per end 2016 (2015) the fair value of the derivatives linked to the cross-border arrangements amounts to 12.579.625,82 EUR (10.213.817,87 EUR). The analysis of the financial risk management related to the use of financial instruments, including the financial instruments related to the cross-border arrangements, is explained in note 2.2.

The fees received from the transactions are recognised in net result on a straight line basis over the duration of the transactions. In 2016, 7.144.264,71 EUR (2015: 10.315.954,19 EUR) were recognised in the operating result. The decrease in recognition of fees is the consequence of both the contractual ending and the anticipated ending of certain transactions in 2016.

At the end of the initial basic term, the SNCB Group has several options based on the type of transaction including:

- exercise the purchase option;
- return the assets to the Trust, who will use them for its own purpose;
- return the assets to the Trust, for whom the SNCB Group will act as a sales agent for the assets;
- extend the arrangement by a lease or service contract beyond the initial basic term of the arrangement; or
- find a third party who will assume the remaining obligations towards the Trust under a lease or service contract.

Note 34 – Rights and obligations

The amount of contractual commitments for the acquisition of property, plant and equipment and investment properties is 608.948.491,58 EUR (664.593.864,22 EUR) as at 31 December 2016 (2015).

The amount of contractual commitments for the acquisition of services is 1.049.085.605,71 (1.033.009.173,19 EUR) EUR as at 31 December 2016 (2015).

The contractual obligations for the acquisition of stocks amount to 209.945.116,71 EUR (264.186.148,45 EUR) as at 31 December 2016 (2015).

The personal guarantees by the SNCB Group for third parties amount to 205.671.651,43 EUR (410.367.366,06 EUR) as at 31 December 2016 (2015).

Credit lines granted by third parties to the SNCB Group amount to 1.513.007.506,22 EUR (1.513.007.506,22 EUR) as at 31 December 2016 (2015).

Commitments for future minimum rent payments due under contracts of non-cancellable operating leases amount to 10.726.856,54 EUR (15.439.516,80 EUR) as at 31 December 2016 (2015), of which 3.836.736,42 EUR (4.946.076,14 EUR) in less than a year, 6.843.530,04 EUR (9.641.948,32 EUR) to more than one year but within 5 years and 46.590,08 EUR (851.492,34 EUR) to over 5 years.

Guarantees given by third parties on behalf of the SNCB Group amount to 2.127.484.158,56 EUR (1.969.158.839,92 EUR) as at 31 December 2016 (2015) and mainly relate to the securities given by the State within the framework of the cross-border arrangements.

Goods and values held by third parties on their behalf but for which the risks and rewards are assumed by the Company represent 331.477.624,57 EUR (317.768.072,92 EUR) as at 31 December 2016 (2015) and relate to prepayments within the framework of the cross-border arrangements.

Inventories belonging to third parties but kept by the SNCB Group which bears the risks, amount to 12.097.437,77 EUR (23.715.492,44 EUR) as at 31 December 2016 (2015).

The guarantees given by the SNCB Group on own assets amount to 2.923.025.039,05 EUR (2.714.608.457,07 EUR) as at 31 December 2016 (2015) and relate to investments pledged under the cross-border arrangements and the carrying value of the rolling stock in these operations.

The received bank guarantees amount to 455.088.372,82 EUR (276.710.372,25 EUR) as at 31 December 2016 (2015).

At December 31, 2016, the SNCB has a commitment of 10.000.000 EUR relating to "overdraft facility" towards B-Logistics, available as from April 7, 2016 to April 7, 2021. As a consequence of the disposal of her participation in Liège Container Terminal the Company also has a commitment of 200.000,00 EUR corresponding to the variable part of the sale price depending on the outcome of an ongoing claim.

Investment accounts related to cross-border arrangements that are not recognised in the statement of financial position are shown in note 33.

Note 35 – Information on related parties

35.1 Consolidated companies

The list of subsidiaries and interests under the equity method is included in note 4.

35.2 Relations with the State

35.2.1 Holding interests

The State holds directly and indirectly 99,97% of the voting rights of the Company.

35.2.2 Management contracts

The Belgian State signed a management contract with SNCB for the period 2008-2012. In this management contract, it is stated that the SNCB is an essential part of the transportation system in Belgium. They have been entrusted, under a coherent group policy, the mission to ensure that their activities are consistent with the sustainable mobility policy pursued by the Belgian Government and that they contribute to meeting mobility needs.

The implementation of the next management contract is in progress.

The goal of the SNCB:

1. the transport by rail of passengers and goods, including the reception of and the information to its customers;
2. the transport of goods in general and the associated logistic services;
3. the acquisition, the maintenance, the management and the financing of railway rolling stock;
4. the security and the surveillance of railways;
5. the acquisition, the design, the construction, the renovation, the maintenance and the management of railway stations, the unmanned stops and their appurtenances and their direct environment, including the design, the development, the modernization and valorisation of the urban centres;
6. the development of commercial or other activities destined to directly or indirectly improve her services or to optimize the use of her goods.

The SNCB can, herself or via participation in existing or to be established Belgian, foreign or international institutions and legal bodies, do all commercial, industrial or financial operations, that are directly or indirectly, complete or partial, related to its goal or that can facilitate or improve the realization or development of it, including the giving of guarantees for debts of associated companies or companies with a participating interest.

The production and sale of goods or services that are directly or indirectly related with the railway activities are particularly supposed to advance the realization or the development of the goal.

The SNCB can also act as a director, as power of attorney, as representative, as liquidator in other companies and businesses.

35.2.3 Services to public administrations

The SNCB provides transportation and communication services to the Belgian State and to various public administrations of the Belgian State. All these transactions are conducted as in a normal client/provider relationship, and under terms that are not more favourable than those offered to other clients and providers. The services provided to these administrations do not represent a significant portion of the net revenue of the SNCB Group.

35.3 Relations between the companies of the SNCB Group

In the ordinary course of performance of the Management Contract, the Company engages in mutual relations with other companies of the SNCB Group. The main relations that are executed for companies of the Group are the following:

- services such as Treasury and accounting coordination, etc.
- during performances and performances in stations freight services.

35.4 Figures relating to relations with public authorities and interests under equity method

Grants granted by public authorities are detailed in note 25.

Besides these grants, the following transactions were carried out with related parties:

	31/12/2016	31/12/2015
Turnover realised with interests under equity method	143.169.581,03	98.828.578,15
Net receivables on interests under equity method	128.469.629,10	137.687.723,98
Net receivables on public authorities	1.224.242.019,33	1.209.007.038,52
Debts to interests under equity method	65.125.831,74	50.502.615,22

35.5 Relations with key management

The directors and the members of the management committees of SNCB are considered as key management of the SNCB Group.

The total amount of compensation provided to directors and members of the management committees amounts to 1.965.776,79 EUR in 2016 and 1.881.159,38 EUR in 2015. The directors did not receive any loans or advances from the SNCB. For the list of directors and members of the management committee, we refer to note 1.

These above total amounts of compensation provided to the main directors include the following elements:

- short-term benefits: annual salary (fixed and variable) and short-term fringe benefits such as health insurance, private use of a company car, ... as well as social security contributions paid on these benefits;
- termination benefits;
- post-employment benefits: insurance premiums paid by the SNCB, essentially covering an additional retirement plan;
- any severance payments.

Key management compensation is as follows:

	31/12/2016	31/12/2015
Salaries and other short-term benefits	1.877.219,79	1.803.030,59
Termination benefits	0,00	0,00
Post-employment benefits	88.557,00	78.128,79
Other long-term employee benefits	0,00	0,00
Total	1.965.776,79	1.881.159,38

No loans were granted to key management.

Note 36 – Auditors fees

In 2016 (2015), the SNCB Group recorded an amount of 346.260,08 EUR (353.493,32 EUR) relative to audit assignments by the auditors of the SNCB Group and their network and an amount of 12.123,00 EUR (43.175,00 EUR) for non-audit services provided by the auditors and associated firms.

These amounts can be detailed as follows:

	31/12/2016		31/12/2015	
	Auditor	Related to the auditor	Auditor	Related to the auditor
Assignments related to the review of the financial statements	346.260,08		353.493,32	
Assignments related to tax consultancy				
Other assignments	12.123,00		43.175,00	
Total	358.383,08	0,00	396.668,32	0,00

Note 37 – Events after the reporting date

No significant event impacting the financial statements of the SNCB Group has been observed after the reporting date at 31 December 2016.