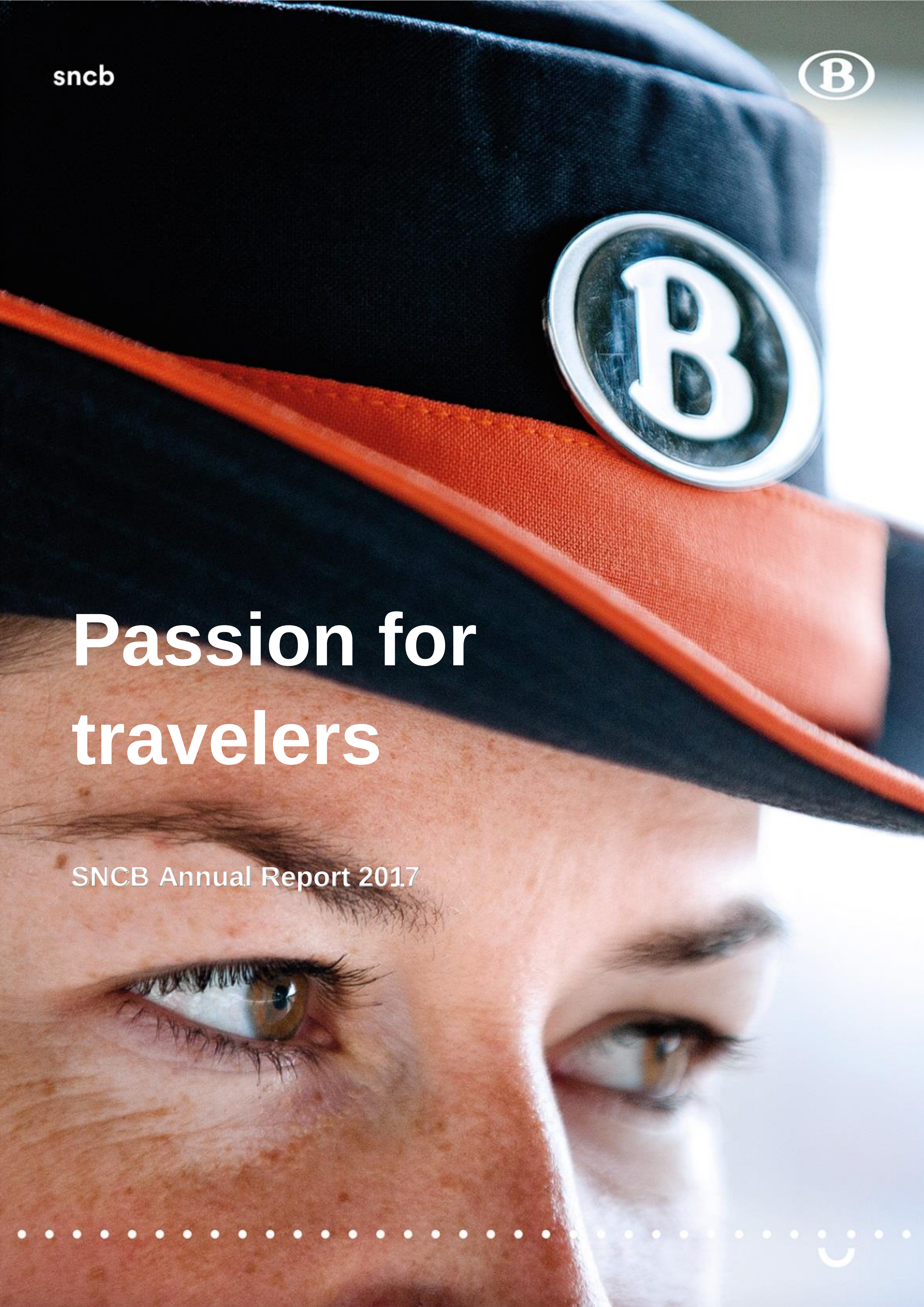
sncb



Passion for travelers

SNCB Annual Report 2017

Content

1. SNCB Management Report drawn up in accordance with Articles 95 and 96 of the Company Code

SNCB Management Report drawn up in accordance with Articles 95 and 96 of the Company Code

The Board of Directors prepares its management report in accordance with the provisions of Articles 95 and 96 of the Company Code.

1. Changes in activities and results

Accounting standards

Since the 2011 financial year, the SNCB accounts (formerly SNCB Holding) have been kept in accordance with the IFRS accounting standards, pursuant to Article 89 of the management contract concluded with the State, but also so as to meet the expectations of investors.

However, the company's annual corporate accounts are prepared according to two accounting standards (Belgian B-GAAP and IFRS standards). The two standards result in different figures, since the accounting principles differ depending on the standards applied. Net income according to IFRS is €88.1 million, but must be adjusted as follows in order to correspond to the net income according to B-GAAP (€58.6 million):

- financial provision for derivatives recorded in B-GAAP (+€14.8 million);
- changes in fair value concerning other financial instruments not accounted for in B-GAAP (-€29.3 million);
- capital gains on fixed assets revalued in B-GAAP (+€0.7 million);
- assets for deferred taxes in IFRS (€-20.9 million);
- other IFRS adjustments (+€5.3 million).

Since this annual report is attached to the accounts filed at the National Bank of Belgium, which were prepared in accordance with the Belgian standards, the figures quoted were therefore determined using these accounting principles. These accounts are also the subject of the certification report prepared by the Board of Auditors.

The corporate accounts according to IFRS are available on the company's website (http://www.belgianrail.be/fr/corporate/publications/rapport_annuel.aspx)

Income statement

Consolidate statement of comprehensive income (in M €)	2017	2016	Delta
Sales and services	**2.478,6**	**2.411,3**	**67,3**
Turnover	2.277,3	2.193,2	84,1
Stocks of work in progress, finished goods and orders in progress	-2,5	-4,0	1,5
Fixed asset own construction	156,7	144,8	11,9
Other operating income	31,2	42,3	-11,1
Non recurring operating incole	15,9	35,0	-19,1
Costs of sales and services	**-2.443,2**	**-2.524,0**	**80,8**
Supply and goods	-96,9	-79,8	-17,1
Miscellaneous goods and services	-2.287,8	-2.240,2	-47,6
Remunerations, social charges and pensions	0,0	0,0	0,0
Other operating costs	-6,5	-4,8	-1,7
Non recurring operating costs	-52,0	-199,3	147,3
EBITDA	35,4	-112,7	148,1
Depreciation	-383,1	-371,6	-11,5
Impairment	-13,6	-24,1	10,5
Provisions	25,8	-79,3	105,1
EBIT	-335,5	-587,7	252,2
Financial result	394,1	338,0	56,1
EBT	58,6	-249,7	308,4
Taxes	0,0	0,0	0,0
Net result	58,6	-249,7	308,4

Operating income

Operating income before depreciation, amortisation and provisions includes both non-recurring costs and income and cash or non-cash costs and income:

	2017	2016	Delta
Operating result cash	85,2	60,0	25,1
Recurring	*78,0*	*35,4*	*42,7*
Non-recurring	*7,1*	*24,7*	*-17,6*
Operating result non-cash	-49,8	-172,7	123,0
EBITDA	**35,4**	**-112,7**	**148,1**

The improvement in the **recurring cash** operating income (+€42.7 million) is mainly as a result of:

- increased operating subsidies of €57.9 million including €24.2 million after indexation; a €22.6 million adjustment of the contribution set following the change in the infrastructure fee and €17.6 million of net impact from the change in passengers/km on the variable contribution.

- increased turnover, including contracts in progress, for €27.7 million, of which +€52.2 million turnover for national traffic; -€21.6 million for services under third party investments.

- an increase in miscellaneous goods and services of €25.4 million including €29.0 million following the rise in the infrastructure fee; €10 million following the (partial) shutdown of the NDS and DICE projects and a reduction of €11.8 million in invoiced personnel costs.

Non-recurring cash operating income amounts to €7.1 million and is mainly explained by:

- +€8.5 million for the recovery plan (nominal amount received by the tax administration for services from October to December 2012, following a decision in favour of SNCB);
- -€2.9 million for the NS intervention under the ICZ Brussels-Amsterdam cooperation agreement following the interim arbitration decision.

Non-cash operating income amounts to -€49.8 million and is mainly comprised of:

- -€19.0 million in impairments on intangible fixed assets, (partially) including the shutdown of the DICE and NDS projects;
- -€24.2 million in impairments on fixed assets.

In 2016, non-cash operating income was -€-172.7 and related to -€138.0 million of impairments recorded on land as part of the review of the appropriateness of maintaining revaluation gains.

Other important elements of the result

After consideration of depreciation (-€383.1 million), impairment (-€13.6 million) and provisions (+€25.8 million), operating income (EBIT) stood at -€335.5 million in 2017.

The 2017 financial results were positive to the amount of €394.1 million. These results were mainly comprised of:

- net depreciation of investment grants (€386.6 million);
- depreciation of NPV previously collected during alternative financing operations (€4.8 million);
- the reversal of the financial provision for derivatives related to financial debt (€14.8 million);
- net cost of debt service borne by SNCB (-€40.4 million);
- participation dividends (€8 million).

The net profit for the financial year was positive at €58.6 million.

Balance Sheet

Balance sheet (in M €)	2017	2016	Δ	Δ %
Fixed assets	**8.402,3**	**8.342,6**	**59,7**	**0,7%**
Intangible fixed assets	216,7	256,7	-40,0	-15,6%
Tangible fixed assets	7.624,0	7.498,0	126,0	1,7%
Financial fixed assets	561,6	587,9	-26,3	-4,5%
Current assets	**3.551,7**	**3.558,7**	**-7,0**	**-0,2%**
Amounts receivable after one year	1.128,9	1.141,7	-12,8	-1,1%
Stocks and contracts in progress	313,3	316,0	-2,7	-0,9%
Amounts receivable within one year	1.218,7	1.277,0	-58,3	-4,6%
Current investments	520,5	582,0	-61,5	-10,6%
Cash at bank and in hand	206,5	81,8	124,7	152,5%
Deferrals	163,8	160,1	3,7	2,3%
Actif	11.954,0	11.901,3	52,7	0,4%
Capital and reserves	**6.536,5**	**6.206,2**	**330,3**	**5,3%**
Capital	249,0	249,0	0,0	0,0%
Revaluation surplus	140,2	140,9	-0,7	-0,5%
Accumulated losses	-562,7	-621,3	58,6	-9,4%
Investment grants	6.710,0	6.437,6	272,4	4,2%
Provisions and deferred taxes	**681,7**	**727,4**	**-45,7**	**-6,3%**
Provisions	681,7	727,4	-45,7	-6,3%
Amounts payable	**4.735,8**	**4.967,6**	**-231,9**	**-4,7%**
Amounts payable after one year	2.962,6	3.004,4	-41,8	-1,4%
Amounts payable within one year	1.405,7	1.596,1	-190,4	-11,9%
Deferrals	367,5	367,2	0,3	0,1%
Passif	11.954,0	11.901,3	52,7	0,4%

The SNCB balance sheet total at 31 December 2017 was €11,954.0 million, an increase of €52.7 million compared with 31 December 2016 (€11,901.3 million).

The balance sheet structure is still characterised by a significant proportion of fixed assets (€8,402.3 million), mainly tangible fixed assets (€7,624.0 million)

Tangible and intangible fixed assets stood at €7,840.7 million at 31 December 2017, an increase of €86.0 million compared with 31 December 2016, mainly due to investments made (€477.6 million) minus depreciation (-€430.6 million).
New investments included €223.0 million for the acquisition and restoration of rolling stock, €107.4 million for passenger reception facilities, €138.9 million for building workshops and €6.5 million for the fight against terrorism.
Fixed assets were financed to 84.86% by investment grants from the Federal authority, 0.72% by other public authorities and 14.42% by loans.

The remaining assets consist of current assets (€3,551.7 million) which include €1,128.9 million of receivables falling due in more than one year, €1,218.7 million of receivables falling due within one year and €727.0 million in cash investments and cash at bank and in hand.

Receivables included €1,472.2 million of receivables from the State under the assumption of debt at 1 January 2005 (Back to Back), receivables relating to operating subsidies and investment grants and receivables from the State and Regions under specific agreements for financing investments and the management contract and €309.2 million of guarantees within the framework of CSA ("Credit Support Annex" relating to financial hedging transactions).

Liabilities mainly consisted of €6,536.5 million of equity, €681.7 million of provisions for risks and charges, €2,962.6 million of debts falling due in more than one year and €1,405.7 million of debts falling due within one year.

Changes in debt

SNCB's **net financial debt** is defined as:

Debt contracted with financial institutions (debt recorded in the accounts);

+ emphyteutic leases on the liability side of the balance sheet;
+ liquidity loans (cash pooling) and interest-bearing debts regarding subsidiaries and related companies;
– cash investments intended for partial repayment of the nominal amount of the debt contracted with financial institutions;
– 'back-to-back' transactions concluded with the State under the assumption of debt on 1 January 2005 (RD of 30 December 2014);
- cash advances (cash pooling) and interest-bearing receivables regarding subsidiaries and companies;
– liquid assets and cash investments with financial institutions that are not managed on behalf of third parties (RER Funds, …).

In view of the Royal Decree of 25 December 2016 and the progress in drafting the new management contract, the definition of economic debt was changed in 2016. Thus, SNCB's **economic debt** is defined as:

Net financial debt;

+ the balance of regional co-financing;
+ the balance of investment grants set out in the management contract;
+ the balance of receivables and commercial debts;
+ the balance of guarantees paid and received in relation to CSA agreements;
+ net receivables relating to operating subsidies.

Net financial debt stood at €2,652.1 million at 31 December 2017, which is a reduction of €332.5 million over one year.

Economic debt amounted to €2,483.1 million at 31 December 2017 compared with €2,629.2 million at 31 December 2016, which is a fall of €146.1 million.

In accordance with SNCB's financial policy, the fixed rate share of long-term net debt must amount to a minimum of 65% and a maximum of 75% of total long-term net debt. The percentages of debt at fixed and variable rates amounted to 77.09% and 22.91% respectively. This breach of the maximum threshold for fixed rate was approved by the Board of Directors on 22 December 2017.

Information on holdings

Pursuant to the Law of 26 January 2018, an exhaustive list of all the companies in which SNCB holds a direct or indirect participating interest, together with the holding percentage is given below:

Name	Share of voting rights in %at 31/12/2017
A+ Logistics	100,00
B-Parking	100,00
De Leewe II	100,00
Eurostation	100,00
Publifer	100,00
SOBRU	100,00
Train World	100,00
YPTO	100,00
Railtour	95,44
Eurogare	75,00
Blue Mobility	51,83
BeNe Rail International	50,00
Hasselt stationsomgeving	50,00
K. EUR Development	50,00
Schelde-Landschapspark (SLP)	50,00
HR Rail	49,00
Ile de France Transport	48,98
THI Factory	40,00
THV EGT	33,33
Lineas Group	31,12
Thalys International	28,00
Terminal Athus	25,42
Belgian Mobility Card	25,00
Optimobil Belgium	24,01
ICRRL	14,99
Railteam	10,00
Transurb	10,00
Eurofima Joint-Stock Cie (droit suisse)	9,80
Hit Rail	8,00
Eurostar Intern. Ltd	5,00
THV Hassalink.be	5,00
BC Clearing	4,73
Eurail GIE	2,32

2. Significant events after the balance sheet date

After the closing date for the accounts, the presence of asbestos was discovered in the paint of some freight cars that SNCB maintains for third parties.

SNCB decided to take paint samples from all types of freight cars (built prior to 2000) which are maintained at its workshops in Gentbrugge, Antwerp and Monceau.

SNCB decided to stop some of the work at these three workshops and conduct additional tests together with a detailed study in order to determine the risks, the measures to be taken and the related costs. No provision was recorded at 31 December 2017, given that the amount of the obligation cannot currently be assessed with sufficient reliability.

SNCB will also update the inventory of its rolling stock and property assets in order to determine and specify any potential pollution levels.

3. Circumstances potentially having a marked influence on the company's development

Apart from the circumstances mentioned below under risks related to the use of financial instruments, it should be noted that, as yet, no new management contract has been signed with the government.

The preparatory work to draw up a new management contract between SNCB and the government is being finalised. As well as SNCB's obligations, the management contract will also define the subsidies that SNCB will receive for its public service missions with respect to investments and operating funds, together with the offer and the commercial and pricing policy.

In the meantime, the 2008-2012 management contract has been extended and provisional rules for management contracts have been set by the Royal Decree of 26 December 2016. This Royal Decree provisionally sets the contribution that SNCB will receive for the 2016-2020 period for its public service missions in terms of investments and operating funds. Furthermore, subsidies were granted to SNCB by the Royal Decree of 22 December 2016, for the 2016-2020 period to cover the cost of specific projects regarding the fight against terrorism and radicalism.

4. Research and development activities

There were no significant activities in the field of research and development during the 2017 financial year.

5. Branches

SNCB does not have any branches.

6. Application of continuity rules

The financial statements have been prepared based on the continuation of the main activities of SNCB. SNCB can call upon a Belgian government guarantee of up to €1,138 million (SNCB has not called upon this government guarantee and currently has no intention of invoking it).

On 21 November 2017, Moody's confirmed SNCB's long-term rating as A1, with a 'stable' outlook and its short-term rating as P-1. Standard & Poor’s confirmed the long-term rating as A with a 'stable' outlook and confirmed the short-term rating as A1 at 30 November 2017.

Finally, the Board of Directors meeting on 30 March 2018 approved the 2018 financial planning, which contains no indication of any financial issues.

7. Reporting and control

After the reform, particular attention was paid to the development of budgetary control and reporting tools in order to limit the risks of non-compliance with budgetary objectives and to align all the company's departments on common objectives, in economic and financial terms as well as with regard to operational activity and customer service quality.
Key performance indicators (KPI) established in this regard will also be used to report to the government on the performance obligations contained in the management contract.

Every month, an activity report on financial operations is prepared by the Treasury Department for the management of the Finance, Accounting and Internal Audit Departments and the Board of Auditors.

Every quarter, the Finance Department reports on financial activities to the Executive Committee, the Audit Committee and the Board of Directors, as part of the presentation of the financial statements

In addition, the Internal Audit is responsible for verifying compliance with the financial policy defined by the company, particularly cash and debt management, investment policy and financial risk management.

In view of the internal regulations in force regarding risk management and reduction, it is clear that the existing contracts relating to derivatives can have only a marginal impact on the company’s price, credit, liquidity and cash flow risks.

These risks are assessed quarterly at their market value and the necessary provisions are made or reversed.

Pursuant to Article 67 of the management contract with the government, the Finance Department regularly reports to the Directorate General for Sustainable Mobility and Railway Policy and the Minister of Public Companies on the use of financial resources from the RER Fund.

8. Risks and uncertainties relating to the use of financial instruments and the company's financial situation

SNCB actively manages certain risks relating to liquidity, exchange rates, interest rates and credit. For this purpose, it has adopted a financial policy, approved by the Board of Directors, through which risk management is strictly regulated.

In order to manage financial risks, derivatives are used which include swaps, forward rate agreements, options, forward exchange contracts with an underlying interest rate, inflation, exchange rates, energy products (including diesel and electricity for traction) or credit.

Such transactions are accounted for in accordance with IAS standards 32 and 39 for the accounts published under "full IFRS" and in accordance with Belgian accounting legislation for the accounts published under Belgian GAAP.

Three counterparties need to be consulted prior to the conclusion of hedging transactions.

Trading operations are excluded.

Liquidity risks

When financing is contracted, predicted changes in future cash flows are taken into account so as to level out and reduce the cash balances as far as possible.

In addition, the liquidity risk is covered by spreading debt maturities over time. Thus, up to 20% of long-term net debt may mature in the same year, with a maximum of 10% of debt per quarter.

Foreign exchange risks

Any debt transaction and every investment generating a cumulative exchange risk of higher than €5 million for SNCB, must be immediately covered in full in euros.

The covered position can be accompanied by a floating or fixed interest rate

Interest rate risk

The working methods for limiting liquidity risks also apply for covering interest rate risks.

The aim is for fixed rate debt to represent 65% to 75% of long-term net debt. This percentage can be adjusted according to market conditions, subject to compliance with the set procedures.

Pre-financing contracted by SNCB for the RER equipment and the purchase of series 18 locomotives, which is covered by hedging, is not taken into account when calculating the ratio.

Credit risk

Investments must be in the form of a loan and cannot be made in risk capital. They are subject to strict minimum rating criteria of the counterparties, depending on the investment term.

Maximum amounts per counterparty are also set. These limits do not apply to instruments issued or guaranteed by the Belgian Government, the Flemish Region, the Walloon Region, the French Community, the German-speaking Community or the Brussels-Capital Region or to US Treasuries and investments in Eurofima.

Neither do these limits apply to compulsory contractual investments under leasing transactions with the leasing counterparty or the counterparty's parent company. These investments may be to the maximum of the outstanding amount of the lease obligations.

For derivatives, the credit risk in relation to the counterparties must be spread and systematically covered by the conclusion of Credit Support Annex (CSA) contracts. With regard to this type of contract, regular calculations are made of the net amount that would have to be paid by either SNCB or the counterparty in the event of the immediate cancellation of the total outstanding amount of the derivatives concluded with the counterparty.

By using CSAs, the risk is limited to a maximum amount, which varies depending on the rating of each counterparty. Continued downgrading of SNCB’s rating would result in considerable sums having to be lodged with counterparties in accordance with the provisions of these CSA contracts.

For counterparties that have been placed on a "negative credit watch", no new transactions can be concluded during the "negative credit watch" period.

The obligation to conclude a CSA does not apply to Eurofima.

Regional pre-financing and co-financing

The cooperation agreement between the government, the Flemish Region, the Walloon Region and the Brussels-Capital Region relating to the (then unitary) SNCB 2001- 2012 multi-year investment plan provided for:

- The pre-financing of infrastructure projects of regional interest, through which the pre-financed amounts were reimbursed by the Federal government and the interest charges borne by the Region concerned;

- The co-financing of work concerning major rail investments, through which the pre-financing cost (capital and interest) was reimbursed in full by the Region concerned.

The following pre-financing arrangements are currently in progress:

- Construction of parking facilities at Louvain-la-Neuve (agreement of 2 June 2009) via pre-financing with SNCB (delivered in 2017);

In addition to the following co-financing arrangements:

- Construction of a new link road to improve accessibility to the areas surrounding the station of Mechelen, together with the redevelopment of public areas (agreement of 19 December 2008) through a financing contract with SNCB;

- Integration of a bus station in the future Mons railway station (agreement of 1 March 2010) and integration of a bus station in the existing station at Namur (agreement of 4 September 2012) through a financing contract with SNCB.

Of the pre-financing projects initially planned, only the agreement relating to the construction of a new station at Gosselies airport has yet to be signed.

On 14 December 2010, a cooperation agreement was signed with the Flemish Region and De Lijn for the construction of a tram shed for De Lijn in Ostend. When the work ended (31.05.2016), the shed was made available to De Lijn for a period of 15 years through a finance lease.

Transactions with related parties carried out under non-market conditions

Pursuant to the Royal Decree of 10 August 2009, SNCB is obliged to provide additional information about significant transactions with related parties executed under non-market conditions. In particular, this concerns companies meeting more than one of the criteria set out in Article 16, §1, paragraph 1 of the Company Code.

No significant transactions were executed with other subsidiaries or sub-subsidiaries not, directly or indirectly, wholly owned by SNCB.

For the sake of prudence, it should also be specified that no significant transactions were executed under non-market conditions with companies not, directly or indirectly, wholly owned by the government, which owns 99.97% of SNCB shares. Furthermore, no significant transactions were made under non-market conditions with members of management or executive bodies or individuals related to them.

1.1. Corporate Governance

Corporate Governance

Introduction

The SNCB articles of association are heavily influenced by its legal status as a public limited company under public law (Société anonyme de droit public). As such, SNCB is primarily subject to the Law of 21 March 1991 on the reform of certain economic public companies. For matters not covered by this Law, it is subject to the Company Code.

In the world in which we operate, corporate governance is a major issue demanding careful attention and rules of the utmost transparency. As a public company, SNCB is resolutely committed to this movement of corporate responsibility towards better management and improved control of its activities In view of its public service missions, SNCB has a direct social responsibility towards its main shareholder – the State – and its customers: members of the public who travel by train.

Corporate Governance Statement

With regard to the rules of corporate governance, SNCB complies with the reference code stipulated by the Royal Decree of 6 June 2010 (Belgian Official Gazette of 28 June 2010, p. 39622 et seq.), except as provided for in the Law of 21 March 1991 on the reform of certain economic public companies.

In order to fulfil its obligations properly, SNCB is supported not only by its Board of Directors but also by three specialist committees: the Audit Committee, the Appointments and Remuneration Committee and the RER Strategic Committee, as well as the Executive Committee and other consultative committees, such as:

- the Steering Committee
- the National Joint Committee
- the Strategic Company Committee
- the Policy Committee

In addition, there are also inspection bodies, such as the Government Commissioner and the Board of Auditors.

For a more detailed description of the management structure and the operating rules of the management bodies, please refer to the Corporate Governance Charter published on the SNCB website (www.sncb.be).

Exemption from the 2009 Belgian Corporate Governance Code

SNCB complies with the principles and provisions of the 2009 Belgian Corporate Governance Code, with the exception of provisions 4.1, 4.2, 4.6 and 4.7.

Provisions 4.1 and 4.2 stipulate that the Board of Directors must establish appointment procedures and selection criteria for directors and that the Chair or another non-executive director must conduct the appointment process. However, Article 162 bis, § 2 of the Law of 1991 stipulates that the King appoints the directors according to the complementary nature of their qualifications with the exception of two directors who satisfy the criteria listed in Article 526 ter of the Company Code and who are appointed by the General Shareholders' Meeting. These two directors can only be appointed when the current terms of office expire.

Provision 4.6 stipulates that directors' terms of office must not exceed four years, whereas, according to Article 162 bis, § 3 of the Law of 1991, SNCB directorships have a six-year term.

Provision 4.7 stipulates that the Chair must be appointed by the Board; however, Article 162 bis, § 5 provides that the Chair is appointed by the King.

1. Board of Directors

Composition

The composition of the Board of Directors and the appointment of directors are governed by Article 162 bis of the Law of 21 March 1991 and the Royal Decree of 25 December 2016.

In 2017, the Board of Directors was made up as follows:

Chair:	Jean-Claude FONTINOY
Chief Executive Officer:	Jo CORNU (until 6 March 2017). Sophie DUTORDOIR (from 7 March 2017).
Directors:	Filip BOELAERT, Jean-Jacques CLOQUET, Valentine DELWART, Marc DESCHEEMAECKER, Martine DUREZ, Yves GOLDSTEIN, Kris LAUWERS, Valérie LEBURTON (until 9 November 2017), Isabelle JEURISSEN (from 24 November 2017), Renaud LORAND, Saskia SCHATTEMAN, Dirk STERCKX and Bart VAN CAMP.

The directors' term of office began on 14 October 2013 with the exception of the terms of office of the 3 directors representing the regions and Mr VAN CAMP who took up office on 1 January 2017. The Chief Executive Officer's term of office began on 7 March 2017. These terms of office are held for 6 years.

Main functions held outside SNCB by non-executive directors:

- Mr FONTINOY, Chair of HR Rail and the National Joint Committee, Expert Advisor to the Office of the Deputy Prime Minister and the Minister of Foreign Affairs, Company Director;
- Mr BOELAERT, General Secretary of the Flemish Administration "Mobiliteit & Openbare werken";
- Mr CLOQUET, CEO Brussels South Charleroi Airport;
- Mrs DELWART, General Secretary of the MR;
- Mr DESCHEEMAECKER, Chair of De Lijn and Brussels Airport and Company Director;
- Mrs DUREZ, Company Director;
- Mr GOLDSTEIN, Advisor to the SAU Urban Development Company;
- Mrs JEURISSEN, Member of the Board of Directors of Société Wallonne des Eaux (SWDE);
- Mr LAUWERS, Deputy CEO of STIB;
- Mrs LEBURTON, CEO of Société Wallonne des Aéroports (SOWAER) until October and then Legal Expert at SPW;
- Mr LORAND, Chair of BELGOCONTROL;
- Mrs SCHATTEMAN, CEO VAR;
- Mr STERCKX, Company Director;
- Mr VAN CAMP, Head of Cabinet of the Flemish Ministry for Mobility.

Operation - Frequency of meetings

Under Article 10 of the Articles of Association, the Board meets as often as is required by the interests of the company and at least four times a year.

In 2017, the Board met 12 times. Mrs LEBURTON and Mr BOELAERT, Mr CLOQUET and Mr LORAND did not attend 1 meeting; Mr GOLDSTEIN, Mr STERCKX and Mr VAN CAMP did not attend 2 meetings. The other directors were present at all the meetings. The average attendance rate was 93.6%.

In extraordinary circumstances duly justified by the urgency of the matter and the social interests of the company (except cases excluded by law), decisions of the Board of Directors may be made by the directors' unanimous consent in writing.

This procedure was not used in 2017.

Powers

The Board of Directors is authorised to carry out all necessary or useful acts to realise the corporate objective of the public corporation. It oversees the management exercised by the Executive Committee. The Executive Committee regularly reports to the Board.

In 2017, the Board of Directors made decisions about and monitored a certain number of major issues:

- the financial situation of SNCB and stabilisation of debt;
- the 2018-2022 corporate plan;
- the 2018-2022 multi-year investment plan;
- the punctuality and safety of rail traffic;
- the integrated City Pass subscription for Ghent, Antwerp, Charleroi and Liège;
- the streamlining and governance of subsidiaries (e.g. sale of Transurb);
- the Publifer project;
- the master plan for administration buildings;
- station projects.

Conflicting financial interest

In 2017, the procedure as set out in Article 523 of the Company Code was not applied in any case.

2. Audit Committee

The creation of the Audit Committee is set out in Article 161 ter of the Law of 21 March 1991.

Composition

Until 1 June 2017

Chair:	Dirk STERCKX
Members:	Valentine DELWART, Kris LAUWERS, Renaud LORAND

From 1 June 2017

Chair: Marc DESCHEEMAECKER
Members: Valentine DELWART, Dirk STERCKX, Renaud LORAND

Operation - Frequency of meetings

The Committee meets regularly. The Committee's chair may convene extraordinary meetings to enable the Committee to perform its duties.

In 2017, the Audit Committee met 11 times. Mr LORAND and Mr STERCKX did not attend 1 meeting; the other members attended all the meetings. The average attendance rate was 95.5%.

Powers

The Audit Committee undertakes the tasks entrusted to it by the Board of Directors. In addition, it is responsible for assisting the Board of Directors in examining all financial information, particularly the annual accounts, annual report and interim financial reports. It also satisfies itself as to the reliability and integrity of financial reports regarding risk management.

3. Appointments and remuneration committee

The creation of the Appointments and Remuneration Committee is set out in Article 161 ter of the Law of 21 March 1991.

Composition

Chair: Jean-Claude FONTINOY
Members: Jo CORNU (until 6 March 2017), Sophie DUTORDOIR (from 7 March 2017), Jean-Jacques CLOQUET, Marc DESCHEEMAECKER.

Operation - Frequency of meetings

The Committee meets as often as required by Company interests.

In 2017, the Nominations and Remuneration Committee met 9 times. Mr CLOQUET did not attend 1 meeting. The other members were present at all the meetings. The average attendance rate was 96.3%.

Powers

The Committee gives its opinion on candidates put forward by the Chief Executive Officer for appointment to the Executive Committee.

The Committee submits proposals to the Board regarding the remuneration and benefits awarded to members of the Executive Committee and senior executives and constantly monitors these matters.

The Appointments and Remuneration Committee also performs tasks assigned to it by the Board of Directors.

4. RER Strategic Committee

This Committee was created by the Law of 19 April 2014 amending the Law of 21 March 1991 regarding the creation of the RER Strategic Committee (Articles 161 sexies to 161 octies).

<u>Composition</u>

Chair:	Jo CORNU (until 6 March 2017), Sophie DUTORDOIR (from 7 March 2017),
Members:	Filip BOELAERT, Valentine DELWART, Martine DUREZ, Yves GOLDSTEIN and Kris LAUWERS

<u>Operation - Frequency of meetings</u>

In 2017, the RER Strategic Committee met twice. Mrs DELWART did not attend 1 meeting. The other members were present at all the meetings. The average attendance rate was 91.7%.

<u>Powers</u>

The RER Strategic Committee draws up a proposed five-year plan for operating the RER, which is subject to approval by the Board of Directors. Every year, it reports on the implementation of the five-year plan and makes recommendations based on it.

On its own initiative or at the request of the Board of Directors, it gives a prior opinion on proposed decisions regarding the operation of the RER.

5. Executive Committee

<u>Composition</u>

The composition of the Executive Committee is governed by Article 162 quater of the Law of 21 March 1991.

In 2017, the Executive Committee was made up as follows:

Chair:	Jo CORNU (until 6 March 2017). Sophie DUTORDOIR (from 7 March 2017).
General Directors:	Patrice COUCHARD (Stations) (from 1 October 2017). Bart DE GROOTE (Marketing & Sales) Richard GAYETOT (Technics) Olivier HENIN (Finance) Koen KERCKAERT (Transport)

<u>Operation - Frequency of meetings</u>

The Executive Committee meets once a week, usually on Tuesdays.

In 2017, the Executive Committee met 49 times

Powers

The Executive Committee is responsible for the day-to-day management of the company and for representing that management. It also executes the decisions of the Board of Directors. The members of the Executive Committee form a collegiate body. They may allocate tasks among themselves.

6. Government Commissioners

Article 162 nonies of the Law of 21 March 1991 states: "SNCB shall be subject to the controlling power of the Minister whose portfolio includes the railways. This supervision is exercised through the action of a Government Commissioner, appointed and dismissed by the King, at the proposal of the Minister concerned."

The Commissioner is invited to all Board of Directors and Executive Committee meetings, and attends in an advisory capacity. The Commissioner also attends the Audit Committee meetings in an advisory capacity.

Mrs Françoise DEMEUSE was appointed Government Commissioner to the SNCB from 18 March 2015 by Royal Decree of 26 February 2015.

7. Board of Auditors

Article 25, §1 of the Law of 21 March 1991 states, “The audit of the financial situation, of the annual financial statements and of regularity, from the viewpoint of the law and the organic statute, of the activities to be recorded in the annual financial statements, shall in each autonomous public company be delegated to a Board of Supervisors of four members. The members of the Board bear the title of Supervisor.”

The Board of Auditors is comprised of four members, two of whom are appointed by the National Audit Office from among its members, and two of whom are appointed by the General Shareholders’ Meeting from among the members of the Institute of Company Auditors.

For the 2017 to 2019 financial years, the General Shareholders' Meeting of the 31 May 2017 approved the appointment of KPMG and BDO for the external oversight of the SNCB statutory and consolidated accounts and approved their remuneration.

The Board of Auditors members for the audit of the statutory accounts are:

Chair:	KPMG, represented by Erik CLINCK
Members:	Michel de FAYS, Rudy MOENS and BDO, represented by Felix FANK

The Auditors for the audit of the consolidated accounts are:

Erik CLINCK for KPMG and Felix FANK for BDO.

1.2. Remuneration report

Remuneration report

1. Remuneration of members of the Board of Directors

Article 162 quinquies, § 2 of the Law of 21 March 1991 on the reform of certain economic public companies stipulates that the General Shareholders' Meeting shall determine the remuneration of the members of the Board of Directors.

The General Shareholders' Meeting held on 31 May 2006 fixed the principles set out below, for determining the remuneration of directors with the exception of the CEO, who does not receive any remuneration or attendance fees as a member of the Board of Directors and Committees.

The calculation of directors' remuneration did not change in 2017.

The gross remuneration paid to the Chair is comprised of a fixed annual component of €39,200 and a variable component consisting of attendance fees. The attendance fees amount to:

- €500 per Board meeting;
- €400 per meeting of a Committee of which the Chair is a member

In addition, the Chair is paid an annual fee covering operating expenses of €2,400 and is provided with a company car.

The gross remuneration paid to other Directors is comprised of a fixed annual component of €13,600 and a variable component consisting of attendance fees. The attendance fees amount to:

- €500 per Board meeting;
- €400 per meeting of a Committee of which they are members

In addition, they are paid an annual fee covering operating expenses of €1,200.

Attendance at meetings is required in order to qualify for attendance fees.

Directors do not receive any results-based remuneration, such as bonuses or long-term profit-sharing schemes; nor do they receive any benefits in kind or pension-related benefits.

No changes to the remuneration of non-executive members of the Board of Directors are envisaged.

Directors' gross remuneration in 2017 (excluding fee for operating expenses)		*Attendance at meetings*			
		BoD	ARC	Audit	RERCo
		/12	/9	/11	/2
J-C. FONTINOY	€48,800	12	9		
M. DESCHEEMAECKER	€26,000	12	9	7/7	
JJ. CLOQUET	€22,300	11	8		
V. DELWART	€24,400	12		11	1
K. LAUWERS	€22,000	12		4/4	2
R. LORAND	€23,100	11		10	
V. LEBURTON	€15,833.30	9/10			
I. JEURISSEN	€3,266.70	2/2			
S. SCHATTEMAN	€19,600	12			
D. STERCKX	€22,600	10		10	
F. BOELAERT	€19,900	11			2
M. DUREZ	€20,400	12			2
Y. GOLDSTEIN	€19,400	10			2
B. VAN CAMP	€18,600	10			

Mr FONTINOY also serves as Chair of the Board of Directors of HR Rail and Chair of the Board of Directors of Eurogare for which he received a gross remuneration of €2,400 (attendance fee of €500 per board meeting and €400 per Appointments and Remuneration Committee meeting) and €600 (attendance fee of €300 per meeting) respectively.

2. Remuneration of Executive Committee members

The procedure for setting the remuneration of Executive Committee members complies with Article 161 ter, § 4, paragraph 2 of the Law of 21 March 1991 on the reform of certain economic public companies:
"The Board of Directors shall, on the proposal of the Appointments and Remuneration Committee, determine the remuneration and benefits granted to Executive Committee members and senior executives. It shall monitor these matters continuously."

The remuneration of the Chief Executive Officer and the General Directors takes account of the decision that the Government has made on salaries in public companies.

Remuneration of the Chief Executive Officer

The remuneration, consisting of a fixed component and a variable component, together with the benefits linked to the role are defined in a special agreement negotiated with the Board of Directors.

The gross amount of the fixed remuneration is €230,000 per annum and is paid in 12 monthly instalments of €19,166.67. This is an indexed amount (health index November 2013).

The variable remuneration is a maximum of €60,000 gross per annum (health index November 2013). The exact amount is determined by the Board of Directors based on the objectives specified by the Board. The Board of Directors reviews the targets once a year.

During the 2017 financial year, the total gross remuneration paid to Mr CORNU, CEO up to March 2017, amounted to:
- Fixed component 2017: €59,615.82
- Variable component 2017 (end of contract): €15,551.94

There were no benefits in kind, group insurance or hospital insurance.

During the 2017 financial year, the total gross remuneration paid to Mrs DUTORDOIR, CEO from March 2017, amounted to:
- Fixed component 2017: €198,719.40

There were no benefits in kind, group insurance or hospital insurance.

Remuneration of General Directors

The remuneration system comprises:

1. A fixed component defined in a special agreement negotiated with the Board of Directors;

2. A variable component: defined according to an evaluation coefficient from 0 to 3. An annual evaluation is carried out by the CEO and submitted to the Appointments and Remuneration Committee. Pursuant to the Board of Directors' decisions of 25 April 2014 and 28 April 2017, on the proposal of the Appointments and Remuneration Committee, the evaluation is based on a rate of 50% on the following common criteria: Recurrent EBITDA (15%), punctuality without neutralisation and minutes delayed due to SNCB (20%) and customer satisfaction (15%) and, for the remaining 50%, on the attainment of individual objectives established in advance by the CEO.

The remuneration system does not include any provisions entitling the company to claim any variable remuneration granted on the basis of incorrect financial information.

On average, the variable component represents less than 25% of the total remuneration.

Holiday pay, annual bonus and any other allowances and benefits are determined according to the applicable regulatory provisions. Members under contract are covered by group insurance and hospital insurance.

General Directors do not receive any remuneration in the form of shares, share options or other rights to acquire shares.

During the 2017 financial year, the total gross remuneration paid to General Directors amounted to:

- Fixed component 2017: €821,832.89
- Variable component for the 2016 financial year: €198,072.24
- Other remuneration components:
    - Benefits in kind (car, telephone): €17,620.46
    - Group insurance, insurance against accidents at work and hospital insurance: €73,867.13

Severance pay for Executive Committee members

If Mrs DUTORDOIR's contract is terminated early for reasons other than gross misconduct, she is entitled to compensation amounting to 12 months of the fixed component of her remuneration.

If their contract is terminated early for reasons other than gross misconduct, Mr COUCHARD, Mr DE GROOTE and Mr HENIN are entitled to compensation amounting to 12 months of their total remuneration.

For Mr KERCKAERT and Mr GAYETOT, it is stipulated that if they resign during their term of office or if this is not renewed, they will be returned to the rank of Director and remunerated according to the pecuniary conditions related to this rank.

3. Offices held in subsidiaries and companies with participating interests

The Board Meeting held on 25 February 2005 decided that directorships held in subsidiaries by members of SNCB Group personnel would not be remunerated. This was recently confirmed in the Charter of Governance for the subsidiaries that was adopted by the Board of Directors in May 2015.

2. Financial statements

2.1. Notes

GENERAL INFORMATION

Activities

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 been 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 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 statutes of SNCB were changed on 20 December 2013 and approved by Royal Decree of 4 April 2014. The last amendments to its statutes were published in the Belgian Official Journal, dated 4 June 2015.

Financial statements

The separate financial statements as at 31 December 2017, prepared in accordance with IFRS standards, have been approved by the Management Board on 30 March 2018. All figures in this document are expressed in euros (EUR), to 2 decimals 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
Cloquet Jean-Jacques	Board member
Delwart Valentine	Board member
Descheemaecker Marc	Board member
Durez Martine	Board member
Gosselin Ermeline	Board member since 1 January 2018
Goldstein Yves	Board member
Lauwers Kris	Board member
Leburton Valérie	Board member until 9 November 2017
Jeurissen Isabelle	Board member since 24 November 2017
Lorand Renaud	Board member
Schatteman Saskia	Board member
Sterckx Dirk	Board member

Van Camp Bart	Board member

Auditors

Auditors are:

KPMG, represented by Erik Clinck
BDO Réviseurs d'entreprises, represented by Felix Fank
Court of Auditors represented by Michel de Fays and Rudi Moens

I. STATEMENT OF FINANCIAL POSITION

Assets

	Notes	At 31 December 2017	2016
Non-current assets			
Intangible assets	4	216.544.399,15	256.568.223,86
Property, plant and equipment	5	7.163.916.756,36	7.057.977.084,23
A. Land		*779.622.706,41*	*782.187.898,59*
B. Buildings		*954.629.124,24*	*925.933.024,03*
C. Railway rolling stock		*3.810.191.909,26*	*3.937.978.918,72*
D. Plant and various equipment		*222.502.671,26*	*200.293.119,40*
E. Tangible fixed assets under construction		*1.396.970.345,19*	*1.211.584.123,49*
Investment property	6	429.124.359,79	403.331.250,62
Investment in subsidiaries	7	158.625.016,32	163.540.411,42
Investments in associates and joint ventures	8	332.606.547,01	325.118.012,01
Trade and other receivables	9	749.093.164,66	799.095.232,73
Derivatives	11	254.304.610,26	299.344.642,18
Other financial assets	12	667.465.968,90	666.083.268,68
Deferred tax assets	20	20.942.917,37	0,00
Subtotal of non-current assets		**9.992.623.739,82**	**9.971.058.125,73**
Current assets			
Inventories	13	211.346.622,38	211.382.042,98
Trade and other receivables	9	1.359.502.289,14	1.416.564.097,93
Derivatives	11	260.629,50	196.419,58
Other financial assets	12	9.730.480,41	32.020.241,15
Cash and cash equivalents	14	387.871.884,03	307.081.133,70
Subtotal of current assets		**1.968.711.905,46**	**1.967.243.935,34**
Non-current assets held for sale			
Non-current assets held for sale	15	27.744.978,75	36.787.015,74
TOTAL ASSETS		**11.989.080.624,03**	**11.975.089.076,81**

Equity and liabilities

		At 31 December	
		2017	2016
	Notes		
Equity			
Share capital	16	249.022.345,57	249.022.345,57
Reserves		-486.817.731,02	-574.884.224,33
Total equity		**-237.795.385,45**	**-325.861.878,76**
Non-current liabilities			
Employee benefit obligations	17	326.031.907,59	330.134.802,44
Provisions	18	156.096.521,77	183.609.992,19
Financial liabilities	19	2.821.800.603,95	2.883.498.465,33
Derivatives	11	396.158.368,07	453.524.953,00
Trade and other payables	21	20.339.882,84	9.326.052,12
Grants	23	6.340.272.273,66	6.071.226.882,70
Other amounts payable	24	137.742.094,59	204.508.442,80
Subtotal of non-current liabilities		**10.198.441.652,47**	**10.135.829.590,58**
Current liabilities			
Employee benefit obligations	17	123.444.735,57	121.202.901,19
Provisions	18	90.142.971,16	84.946.419,32
Financial liabilities	19	671.346.198,19	824.388.031,21
Derivatives	11	10.425.729,66	12.573.763,49
Current tax payables		0,00	184.651,75
Trade and other payables	21	403.340.069,29	392.103.101,40
Social debts	22	85.936.111,34	85.205.000,16
Grants	23	369.736.480,50	366.382.853,76
Other amounts payable	24	274.062.061,30	278.134.642,71
Subtotal of current liabilities		**2.028.434.357,01**	**2.165.121.364,99**
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		12.226.876.009,48	12.300.950.955,57
TOTAL EQUITY AND LIABILITIES		**11.989.080.624,03**	**11.975.089.076,81**

II. STATEMENT OF COMPREHENSIVE INCOME

	Notes	2017	2016
Continuing operations			
Operating income before investment grants			
Turnover	25	1.091.202.099,14	1.058.466.838,97
Operating grants	23	1.188.181.050,50	1.130.259.144,31
Internally generated fixed assets		156.686.019,89	144.755.546,86
Other operating income	25	41.546.653,72	78.326.822,09
Total of the operating income before investment grants		**2.477.615.823,25**	**2.411.808.352,23**
Operating expenses before depreciation and impairment			
Purchase of raw materials and goods for resale		-96.899.259,53	-79.800.476,72
Services and other goods	25	-1.158.942.028,40	-1.205.213.352,15
Employee benefit expenses	26	-1.098.435.520,22	-1.078.302.477,57
Other operating expenses	25	-20.904.762,07	-44.336.319,71
Total of the operating expenses before depreciation and impairment		-2.375.181.570,22	-2.407.652.626,15
Operating result before investment grants, depreciation and impairment		102.434.253,03	4.155.726,08
Investment grants	23	381.074.527,61	351.161.691,81
Depreciation and impairment losses on intangible assets , property, plant and equipment, investment properties and non-current assets held for sale	4, 5, 6 & 15	-430.633.260,89	-565.992.776,23
Impairment losses on investments in subsidiaries, joint ventures and associates	7 & 8	795.056,88	1.052.590,47
Operating result		53.670.576,63	-209.622.767,87
Financial income	27	127.508.527,48	95.947.974,24
Financial expenses	27	-118.399.171,09	-139.012.752,72
Net financial result		9.109.356,39	-43.064.778,48
Net result from continuing operations before tax		62.779.933,02	-252.687.546,35
Income taxes	28	19.516.515,64	-5.158,13
Net result from continuing operations		82.296.448,66	-252.692.704,48
NET RESULT FOR THE YEAR		82.296.448,66	-252.692.704,48
Other comprehensive income for the year :			
That will not be reclassified subsequently to profit or loss			
Actuarial differences on post-employment benefits	17	4.346.032,77	-25.174.662,86
Tax relating to other comprehensive income	28	1.424.011,88	
Subtotal of the other comprehensive income for the year that will not be reclassified subsequently to profit or loss		5.770.044,65	-25.174.662,86
That will be reclassified subsequently to profit or loss when specific conditions are met			
Available-for-sale financial assets			
Tax relating to other comprehensive income			
Subtotal of the other comprehensive income for the year that will be reclassified subsequently to profit or loss when		0,00	0,00
Total other comprehensive income for the year		5.770.044,65	-25.174.662,86
TOTAL COMPREHENSIVE INCOME		88.066.493,31	-277.867.367,34

** For the sake of comparability, the comparative figures as of 31 December 2016 have been restated for an amount of 487.790,46 EUR following the change in the classification of an account under the heading "Revenue" under "Other operating income".*

III. STATEMENT OF CHANGES IN EQUITY

	Share Capital	Reserves	Total equity
At 1 january 2016	**249.022.345,57**	**-301.096.692,96**	**-52.074.347,39**
Net income 2016		-252.692.704,48	-252.692.704,48
Other comprehensive income 2016	*0,00*	-25.174.662,86	-25.174.662,86
Actuarial gains and losses on post employment benefits		*-25.174.662,86*	-25.174.662,86
Total comprehensive income for the year	**0,00**	**-277.867.367,34**	**-277.867.367,34**
Reserves after merger with Foncière Rue de France		4.079.835,97	4.079.835,97
At 31 December 2016	**249.022.345,57**	**-574.884.224,33**	**-325.861.878,76**
At 1 january 2017	**249.022.345,57**	**-574.884.224,33**	**-325.861.878,76**
Net income 2017		82.296.448,66	82.296.448,66
Other comprehensive income 2017	*0,00*	5.770.044,65	5.770.044,65
Actuarial gains and losses on post employment benefits		*4.346.032,77*	4.346.032,77
Tax related to other comprehensive income		*1.424.011,88*	1.424.011,88
Total comprehensive income for the year	**0,00**	**88.066.493,31**	**88.066.493,31**
At 31 December 2017	**249.022.345,57**	**-486.817.731,02**	**-237.795.385,45**

IV. STATEMENT OF CASH FLOWS

	Notes	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES			
Net result for the year		**82.296.448,66**	**-252.687.546,35**
Adjustments for:			
Depreciation and impairment on property, plant and equipment and intangible assets, investment property, non-current assets held for sale and surpluses		430.472.700,28	565.089.047,74
Impairment on interests in subsidiaries, joint ventures and associates		-795.056,88	-1.052.590,47
Impairment on assets held for sale		0,00	0,00
Write down on inventories, impairment losses on trade and other receivables		12.573.605,81	28.879.307,50
Impairment on other financial assets		0,00	1.131,09
Changes in fair value of derivatives		-18.009.136,62	-7.064.781,01
Changes in fair value of and impairment losses on other financial assets and financial liabilities		-11.335.867,02	4.925.578,36
(Gain) / loss on disposal of property, plant and equipment and intangible assets, investment property and non-current assets held for sale		-6.648.082,11	-17.316.673,34
Capital loss on merger Foncière Rue de France and South Station and purchase activity branch		0,00	8.676.206,84
(Gain) on transfer of companies		0,00	-3.420.000,00
(Gain) / loss on disposal of financial assets		-21,54	0,00
(Gain) / loss on sales of investments in subsidiaries, joint ventures and associated companies		0,00	0,00
Fees on cross-border arrangements recognised in net result		-4.550.021,20	-6.890.412,62
Provisions		-22.316.918,58	60.947.959,14
Employee benefits		2.484.972,30	-28.357.819,65
Investment grants recognized in net result		-381.465.085,93	-351.161.691,81
Net of interest income and expenses		23.134.354,34	35.995.660,50
Negative interest		-578.004,79	
Income taxes		-19.516.515,64	5.158,13
Translation differences		2.471.651,84	45.348,02
Gross cash from operating activities		**88.219.022,92**	**36.613.882,07**
Change in net working capital:			
Inventories		-13.257.349,92	-31.523.615,34
Trade and other receivables		14.108.153,84	-63.170.080,47
Trade and other payables, and social debts		-46.676.483,98	-149.427.168,97
Merger Foncière Rue de France and South Station		0,00	1.963.830,69
Cash generated from operations before tax		**-45.825.680,06**	**-242.157.034,09**
Tax received		0,00	0,00
Tax paid		-187.041,60	-5.158,13
NET CASH FROM OPERATING ACTIVITIES		**42.206.301,26**	**-205.548.310,15**

	Notes	2017	2016
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment, intangible assets, investment property and assets held for sale		-476.514.839,93	-506.501.048,86
Acquisition of financial assets		-78.140.085,91	-36.667.458,16
Acquisition of subsidiaries, joint ventures and associates		-7.541.634,57	-282.900,00
Purchase activity branch		0,00	-847.000,00
Proceeds from the realization of companies		0,00	0,00
Investment grants received		728.354.463,17	617.912.358,06
Proceeds from disposal of property, plant and equipment, investment property and assets held for sale		24.383.995,73	32.468.559,18
Proceeds from disposal of other financial assets		32.059.497,05	53.862.598,46
Proceeds from sale of shares in subsidiaires, joint ventures and associates		0,00	0,00
Proceeds from financial lease receivables		4.540.140,99	6.051.901,49
Interests received		71.861.534,86	64.352.980,58
Dividends received		8.033.305,70	5.482.795,64
NET CASH FROM INVESTING ACTIVITIES		**307.036.377,09**	**235.832.786,39**
Increase of financial liabilities	19.1	449.546.850,50	383.407.859,06
Redemption of financial liabilities (including financial lease liabilities)	19.1	-614.124.372,75	-393.041.996,14
Redemption/payments of derivatives	11.2	-1.687.945,50	-19.708.785,43
Interest paid	11,19,24	-97.054.453,26	-107.369.122,89
NET CASH FROM FINANCING ACTIVITIES		**-263.319.921,01**	**-136.712.045,40**
(DECREASE) / INCREASE IN CASH, CASH EQUIVALENT AND BANK OVERDRAFTS		**85.922.757,34**	**-106.427.569,16**
CASH, CASH EQUIVALENT AND BANK OVERDRAFTS AT THE BEGINNING OF THE YEAR (note 14)		**307.081.133,70**	**413.508.702,86**
(Decrease) / increase in cash, cash equivalents and bank overdrafts		85.922.757,34	-106.427.569,16
Conversion differences		-20.047,84	0,00
Merger SPV LLN		-5.111.959,17	0,00
CASH, CASH EQUIVALENT AND BANK OVERDRAFTS AT THE END OF THE YEAR (note 14)		**387.871.884,03**	**307.081.133,70**

V. NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Summary of the main valuation rules

1.1 Basis for preparation

The individual financial statements of the SNCB as per 31 December 2017 have been prepared in accordance with “IFRS” (International Financial Reporting Standards) as adopted by the European Union and 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:

- of certain financial assets and liabilities at fair value: 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;

- of certain elements of patrimony based on their present value: 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;

- of other balance sheet items at their historical cost except for certain revaluations previously recorded in the Belgian accounts and retained in the IFRS accounts, as well as some non-current assets and investments in subsidiaries, joint ventures and associates for which the SNCB 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.

The amendments to the following standards are <u>mandatory for the first time from the financial year beginning on 1 January **2016**</u> but have <u>not yet been adopted by the European Union</u>:

- Amendments to IFRS 14 'Regulatory Deferral Accounts' which allows entities adopting IFRS for the first time to continue to apply accounting policies consistent with their previous standards for the accounting of rate regulation. This standard does not apply in the Company;

- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures', the effective date of which is yet to be determined.

The amendments to the following standards are <u>mandatory for the first time from the financial year beginning on 1 January **2017**</u> but have <u>not yet been adopted by the European Union</u>:

- Amendments to IAS 12 'Income Taxes' relating to the recognition of deferred tax assets for unrealized losses for the purpose of simplifying the recognition of deferred tax assets related to financial instruments measured at fair value. These amendments will not change the current accounting of deferred tax assets in the Company;

- Amendments to IAS 7 'Statement of Cash Flows', which introduce additional information to evaluate changes in liabilities arising from financing activities, both cash and non-cash operations. We have included this additional information in the Company's 2017 financial statements and we refer you to the notes concerned (Note 11. Derivative financial instruments, Note 19. Financial debts and Note 26. Other amounts payables);

- Annual improvements 2014-2016 with minor improvements to IFRS 12 'Disclosure of interests in other entities' regarding clarification of the scope of the standard *("IFRS 12 also applies to interests hold by a subsidiary, by a partnership, by an associate or by a non-consolidated structured company which are classified in accordance with IFRS 5")*. This improvement has already been adopted by the European Union.

The other minor annual improvements IFRS 2014-2016 are applicable to periods beginning on 1 January 2018 and relate to IFRS 1 'First-time adoption of IFRS' and IAS 28 'Investments in associates and joint ventures'. They do not relate to the individual financial statements of the Company.

The new standards and amendments to the following standards have been published by the IASB, but have not yet been adopted by the European Union. They are not yet obligatory for the accounting year beginning on 1 January 2017:

- Amendments to IAS 40 'Investment property' (effective 1 January 2018) relating to transfers of investment property. They clarify that the transfer of real estate from (or to) the category "investment property" can only be made if, and only if, there is an indication of a change of use. There is a change of use when the real estate becomes or ceases to be an investment property within the meaning of the definition of that term. This change must be supported by evidence. These amendments will not change the current treatment of the Company's investment properties;

- Amendments to IFRS 2 'Share-based Payment' (effective January 1, 2018) clarifying the accounting rules for a stock-based payment settled in cash or equity instruments. These amendments will not apply in the Company;

- IFRIC 22 Interpretation 'Foreign Currency Transactions and Anticipated Counterparty' (effective 1 January 2018) clarifies the accounting treatment for single or multiple advance payments or receipts with the aim of reducing the diversity of accounting practices in this area. . This does not currently concern the Company;

- Amendment to IFRS 9 (effective 1 January 2019), which measures certain repayable financial assets with a so-called negative compensation at amortized cost or at fair value through other comprehensive income instead of fair value through the income statement as they would otherwise fail the SPPI test. This amendment also clarifies how to account for the change in a financial liability. It is currently being analysed;

- Amendments to IAS 28 'Long-term Investments in Associates and Joint Ventures' (effective January 1, 2019);

- IFRIC Interpretation 23 'Uncertainty on Income Tax Treatment' (effective January 1, 2019) clarifies the accounting treatment of uncertainties in the calculation of income tax under IAS 12;

- Annual improvements to IFRS 2015-2017 applicable to periods beginning on January 1, 2019, with minor changes to the following standards: IFRS 3 'Business Combinations' and IFRS 11 'Partnerships'; IAS 23 'Borrowing Costs' *: clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings* and IAS 12 'Income Taxes' *clarifies that all tax consequences in relation to dividends (ie, the distribution of profits) should be accounted for in the same way (as a result)*.

The new standards and amendments to the following standards, published by the IASB and adopted by the European Union, are not yet mandatory for the financial year beginning on 1 January 2017:

- IFRS 16 ‘Leases’. This standard replaces IAS 17 and introduces significant changes in the accounting of lessees. It requires the lessee to recognize a lease liability that reflects future lease payments and the "right to use the asset" for substantially all leases. For lessors, the accounting remains largely unchanged; however, updating the definition of finance lease could impact them. Its effective date is scheduled for January 1, 2019. It will be applied in the Company from that date. The analysis of its impact on the Company's financial statements is currently in progress but its estimate is not yet reasonably certain;

- IFRS 9 'Financial Instruments'. The standard deals with the classification, valuation and derecognition of financial assets and liabilities as well as general hedge accounting which is not apply in the Company. Its effective date is scheduled for January 1, 2018. It will be applied in the Compnay as from that date. The analysis of its impact on the Company's financial statements is currently in progress but its estimate is not yet reasonably certain;

- IFRS 15 'Revenue from Contracts with Customers' that will improve the financial reporting of revenues and improve the comparability of reported sales in the financial statements. It will apply from January 1, 2018. Based on an initial analysis, this standard will not affect the way the Company already books its revenues.

1.2 Foreign currency transactions

Transactions in foreign currencies are initially recorded in the operating currency of the entity, using the exchange rate at the time of the transaction. Both realised and non-realised gains and losses from exchange rate differences on monetary assets and liabilities at the closing date are included in the net result.

1.3 Intangible assets

An intangible asset is recorded on the financial statement when the following conditions are met:

1. the asset is identifiable, i.e. either it can be separated (if it can be individually sold, moved or rented out) or it results from contractual or legal rights;
2. it is probable that the asset will generate economic benefits for the Company ;
3. the Company 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 straight-line 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 as set down in IAS 38, i.e. as from the time the Company can show (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 reliably be measured. These expenses include direct costs plus the operating costs of the operational services (except depreciation on assets financed by grants). The hourly rate is calculated taking account of all the 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 (related to staff that is still partially employed).

- Only the development costs of internally generated software are capitalised; research costs are recognised immediately in the 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.
  Later expenditure subsequent to the initial recognition is recognised in the net result, except if it can be shown that it generates new, material economic benefits;

The cost of the asset also includes borrowing costs if the intangible assets are not ready for use or sale for over a year. The capitalisation percentage is either equal to that for a specific loan or equal to the weighted average borrowing costs applicable to the outstanding loans of the Company, excluding 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, the residual value being 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

Amortisation starts at the time when the asset is ready for use.

The useful life and amortisation method for intangible assets with a limited useful life are reviewed annually on the 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 amortisation method, as the case may be, and are treated as changes in accounting estimates.

Intangible assets that are not yet ready for use are subject to an annual impairment test on the balance sheet date.

1.4 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:

- the costs directly attributable to the purchase transaction, after deduction of trade discounts and rebates;
- directly attributable costs to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Company ;
- the initial estimate of the costs of dismantling and removing the asset or restoring the site on which it is located (obligation that the Company incurs these costs either upon purchase or in manufacturing the asset).

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 expenses 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 Company and the cost of the asset can be reliably determined. These expenses include direct costs plus the operating costs of the operational services (except depreciation on assets financed by grants). The hourly rate is calculated taking account of all the 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, subsequent expenses to the initial recognition is recognised in the net result, except if it can be shown that it generates new, material economic benefits.

The costs of maintenance and repairs that merely maintain the value of property, plant and equipment without raising the value are recognised in the net result. However, the costs of major maintenance and major repair works that increase the future economic benefits that the asset generates are recognised as a separate component of the cost price. The cost price of property, plant and equipment is split among material (sub-)components. These material (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 the case of a replacement, the asset is no longer recognised in the financial statement and the new asset is amortised over its own useful life.

The value of the asset also includes borrowing costs if the property, plant and equipment are not ready for use or sale for over a year. The capitalisation percentage is either equal to that for a specific loan or equal to the weighted average borrowing costs applicable to the outstanding loans of the Company, excluding 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 on the 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.

Concessions in stations are recognised under property, plant and equipment.

1.5 Lease contracts

1.5.1 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 Company, 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 Company’s financial statements. The investment accounts and related payment obligations towards lenders are recognised in the financial statement 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.

1.5.2. Lease contracts for which the Company is the lessee

A lease contract is recorded as a finance lease if the Company acquires virtually all the risks and rewards incidental to ownership of the asset. The Company recognises these finance leases on the assets and liabilities sides for amounts equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is recognised partly as a finance cost and partly as reimbursement of the liability. 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 that are subject to finance lease are depreciated over the shorter of the lease term and the useful life of the asset, if the Corporation is not reasonably certain to become the owner of the asset at the end of the lease period.

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

1.5.3. Lease contracts 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 financial statement (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 financial statement. They are depreciated over their expected useful lives. Rental income is recognised on a straight-line basis over the lease term.

1.6 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.

1.7 Interests in subsidiaries, joint ventures and associates

Entities over which the Company exercises joint control together with one or more parties pursuant to a contractual arrangement with those parties, and associates, over which the Company exercises significant influence without exercising control, are *accounted for* at cost less impairment, if any.

An impairment loss is recorded on interests in entities over which the Company exercises control or joint control and on associates when the carrying value is greater than the recoverable amount. These interests are subject to an impairment test when there is an objective indicator to believe the interest has suffered an impairment loss. The preferred method is the Capital Asset Pricing Model, that is the present value of future cash flows.

For the non-significant investments, the recoverable amount is based solely on the proportion held by the company in the equity of the previous financial year.

No impairment test is performed when the main activity of the subsidiary consists of real estate transactions almost entirely with other companies of the SNCB Group.

1.8 Impairment

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

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

When an impairment loss is established, it is allocated to the non-current assets of the CGU in proportion to their carrying values, but only to the extent that the allocation does not lower the carrying values of the assets below their fair value less selling expenses. Impairment losses against non-current assets 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).

1.9 Inventories

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

The cost of replaceable inventories is fixed 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 financial statement 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 produced 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 on the balance sheet date is less than its carrying value.

1.10 Trade and other receivables

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

Receivables are measured individually. Impairment losses are recognised where cash recovery is in doubt or uncertain in whole or in part.

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”.

1.11 Derivatives

The Company uses derivatives (IRS, IRCS, futures and options, etc.) to hedge against possible adverse changes in interest rates, exchange rates, inflation and energy prices. The Company 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 as charges in net result 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 Company has decided not to apply the hedge accounting principles.

1.12 Other financial assets

The other financial assets include investments in shares of companies over which the Company 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 Company 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 Company 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 Company 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.

1.13 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 financial statement.

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

1.14 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 sales 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 bring their carrying value down to their lower realisable value.

1.15 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.

1.16 Share capital

The ordinary shares are classified under the ‘Share capital’ section. The share capital comprises 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 board of directors of the Company has not yet issued a call.

1.17 Employee benefits

1.17.1 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.

1.17.2 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 Company pays contributions to a separate entity and 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 financial statement;

- 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 Company 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 Company’s best estimates.

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.

1.17.3 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 financial statement 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 the net result.

1.17.4 Termination benefits

Termination benefits are benefits payable as a result of the Company’s decision 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 in exchange for those benefits.

A liability measured on an actuarial basis is recognised for these payments to the extent that the Company 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.

1.18 Provisions

A provision is only recognised if:

1. the Company 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.

From the moment the provision gets significant (mainly for long-term provisions), it has to be valued on actuarial basis. The effect of the future 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 Company has a legal or constructive obligation.

If the Company has an onerous contract, a provision has to be accounted for. Before a provision for onerous contract is accounted for, the Company 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 shown that the Company is under a constructive obligation to restructure, and to do so no later than at the 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.

1.19 Financial liabilities

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

Financial liabilities are initially measured at fair value, less - for financial liabilities other than those 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:

1. Financial debts at fair value through profit or loss include financial debts that are classified by the Company on a voluntary basis in this category upon initial recognition.

2. 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 at long term, except for those due within 12 month which are classed as short term.

Financial liabilities' fair value is determined using valuation technics 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 Level3 of the fair value hierarchy as defined in IFRS 13.

1.20 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 deferred tax on temporary differences between the tax base of an asset or liability and the carrying value in the 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 on the balance sheet date that is applied.

Nonetheless, there are no deferred taxes on the initial recognition of assets and liabilities (except for acquisitions of subsidiaries) that have no effect on the accounting profit or taxable profit.

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.

1.21 Trade and other payables

Trade and other payables are initially measured at 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).

1.22 Social debts

Social debts are initially measured at 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).

1.23 Grants

Operating grants are recognised in net result under the section 'Operating income before investment 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 financial statement 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 advance payments made to subsidiaries which are not yet affected.

Financial grants received in the context of loans are recognized in deferred income and deducted from financial expenses.

1.24 Other amounts payable

Other amounts payable are initially measured at 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 Company distributes to its shareholders are accounted for under "Other amounts payable" during the period in which they were authorised. 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'. Amounts received as guarantees are also included in Other debts.

1.25 Operating income and operating expenses

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

Revenues deriving 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 Company 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 executed up till the date concerned with the estimated total cost of the project.

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

1.26 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 if it is acquired using the effective interest method. Dividends are recognised in the net result as from the time at which the Company 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.

1.27 Cash flow statement

The cash flows from operating activities are presented using the indirect method, according to which the net result is adjusted for 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

2.1 Capital Management

The Company's policy 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 Company 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 Company keeps a close track on its net debt level and economic debt.

The Company 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 at 31 December 2017 and 2016:

Net debt		31/12/2017	31/12/2016
Line item	Notes		
Derivatives	11	41.262.573,46	-524.022,71
Other financial assets	2.1	602.726.292,51	571.132.952,42
Subtotal of non-current assets		*643.988.865,97*	*570.608.929,71*
Derivatives	11	0,00	0,00
Other financial assets	2.1	9.373.802,23	30.004.599,79
Cash and cash equivalents	2.1	207.063.950,54	82.954.603,02
Subtotal of current assets		*216.437.752,77*	*112.959.202,81*
Total assets		860.426.618,74	683.568.132,52
Financial liabilities	19	2.769.548.900,75	2.819.549.185,92
Derivatives	11	84.353.249,20	38.171.755,31
Subtotal of non-current liabilities		*2.853.902.149,95*	*2.857.720.941,23*
Financial liabilities	19	658.677.077,00	810.431.534,68
Derivatives	11	-83.408,53	0,00
Subtotal of current liabilities		*658.593.668,47*	*810.431.534,68*
Total liabilities		3.512.495.818,42	3.668.152.475,91
Net debt		2.652.069.199,68	2.984.584.343,39
Change in net debt		-332.515.143,71	

Economic debt

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

- unused advances (co-financing) and investment grants (State) which the Company had committed to use in the near future minus any receivables (co-financing) in the case that the Company has already spent more than that she received as advances;
- current trade payables that the Company has agreed to pay minus the current trade receivables which the Company expects to receive;
- the collateral paid or received by the Company 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 Company.

The reconciliation of the net debt position and the economic debt at 31 December 2017 and 2016 are presented as follows:

Economic debt	2017	2016
Net debt	2.652.069.199,68	2.984.584.343,39
Regional cofinancings	-13.910.301,12	-37.947.215,94
Unused received investment allowances PSF	389.299.666,24	131.477.170,88
Net balance of trade debts and receivables	237.774.105,73	229.808.286,73
Net balance of acquired operation grants PSF	-499.280.003,74	-394.142.412,81
Net balance of collateral (CSA)	-282.839.368,00	-284.539.106,00
Total of economical corrections	-168.955.900,89	-355.343.277,14
Economic debt	2.483.113.298,79	2.629.241.066,25

Economic debt under own responsibility

In order to properly assess the impact of the Company'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 Company 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 31 December 2017 and 2016 is presented as follows:

Economic debt under own responsibility	2017	2016
Economic Debt	2.483.113.298,79	2.629.241.066,25
REN rolling stock	384.780.577,47	399.422.659,47
Financing HST	52.773.367,22	54.684.473,69
Regional prefinancings	23.932.000,00	26.398.036,58
Decision Counsel of Ministers of October 2008	110.145.346,56	114.479.673,60
Decision Counsel of Ministers of December 2011	88.507.728,76	92.733.942,82
Other	3.283.344,36	2.139.594,08
Total of operations that can be neutralized	663.422.364,37	689.858.380,24
Economic debt under own responsibility	1.819.690.934,42	1.939.382.686,01

Reconciliation of net debt with the financial statement

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:

Other financial assets		31/12/2017					
		Net debt			Other		TOTAL
		Nominal	Fair value adjustments	Accrued income	Assets managed on behalf of third parties	Other	
Non-current	Notes						
Receivables		347.247.999,95	3.552.873,50	8.554.976,42	0,00	0,00	359.355.849,87
Back-to-back		255.478.292,56	0,00	741.316,47	0,00	0,00	256.219.609,03
Available-for-sale financial assets	12	0,00	0,00	0,00	0,00	51.890.510,00	51.890.510,00
Total non-current		602.726.292,51	3.552.873,50	9.296.292,89	0,00	51.890.510,00	667.465.968,90
Current							
Receivables		9.373.802,23	0,00	363.669,88	0,00	0,00	9.737.472,11
Back-to-back		0,00	0,00	-6.991,70	0,00	0,00	-6.991,70
Available-for-sale financial assets	12	0,00	0,00	0,00	0,00	0,00	0,00
Total current		9.373.802,23	0,00	356.678,18	0,00	0,00	9.730.480,41
Total other financial assets		612.100.094,74	3.552.873,50	9.652.971,07	0,00	51.890.510,00	677.196.449,31

Other financial assets		31/12/2016					
		Net debt			Other		TOTAL
		Nominal	Fair value adjustments	Accrued income	Assets managed on behalf of third parties	Other	
Non-current	Notes						
Receivables		340.009.875,12	4.882.092,01	7.877.016,18	0,00	30.214.879,01	382.983.862,32
Back-to-back		231.123.077,30	0,00	704.426,88	0,00	0,00	231.827.504,18
Available-for-sale financial assets	12	0,00	0,00	0,00	0,00	51.271.902,18	51.271.902,18
Total non-current		571.132.952,42	4.882.092,01	8.581.443,06	0,00	81.486.781,19	666.083.268,68
Current							
Receivables		30.004.599,79	0,00	1.512.650,28	0,00	508.629,76	32.025.879,83
Back-to-back		0,00	0,00	-5.638,68	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
Total current		30.004.599,79	0,00	1.507.011,60	0,00	508.629,76	32.020.241,15
Total other financial assets		601.137.552,21	4.882.092,01	10.088.454,66	0,00	81.995.410,95	698.103.509,83

The receivables recorded under other financial assets included in net debt consist primarily of the investment accounts established by the Company 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.

- Cash and cash equivalents:

Cash and cash equivalents	31/12/2017					
	Net debt		Others			TOTAL
	Nominal	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	0,00	0,00	41,13	180.743.277,62	0,00	180.743.318,75
Cash at bank	199.044.059,19	0,00	0,00	9,08	0,00	199.044.068,27
Cash in hand	8.019.891,35	0,00	0,00	0,00	64.605,66	8.084.497,01
Total cash and cash equivalents	207.063.950,54	0,00	41,13	180.743.286,70	64.605,66	387.871.884,03

Cash and cash equivalents	31/12/2016					
	Net debt		Others			TOTAL
	Nominal	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	77.293.210,64	0,00	0,00	117,64	0,00	77.293.328,28
Cash in hand	4.923.489,88	0,00	0,00	0,00	62.323,10	4.985.812,98
Total cash and cash equivalents	82.954.603,02	0,00	2.487,94	224.061.719,64	62.323,10	307.081.133,70

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 Company through the 2005-2008 Management Contract. All of the assets for which management was transferred to the Company are considered by the Company as a debt towards public authorities (recorded as “Other amounts payable”).

In compliance with the law of December 21st 2013 containing various tax and financial requirements (articles 113 to 121), the available assets of the REN fund held on a bank account of an institution designated by the State, were invested at the public treasury or invested in financial instruments issued by the Federal State.

Details of derivative financial instruments and financial liabilities are presented in notes 11 and 19.

2.2 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 Company is subject primarily to market risk, credit risk and liquidity risk. The Company's risk policy aims to map and analyse the risks the company faces, to determine limits and appropriate risk controls and monitor compliance with risk limits. The Company's Board of Directors 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 Company's operations.

The Board of Directors of the Company 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 Company's treasury department, 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 that derivatives and cash, which are included in the net debt of the Company. The Company 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 Company 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 Company 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 consists of the centralized treasury management of cash flows less than one year from the Company and its subsidiaries. Financial conditions on short-term loans or borrowings towards entities part of the consolidation scope are in accordance with prevailing market conditions on an arm's length basis.

Main aspects 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 surplus must be invested at prevailing market conditions 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 awarding funding to subsidiaries or 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 remaining deficits, the Company 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 company 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 aspects of derivatives operations

- 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.

Instruments that do not meet the definition of financial instruments

The analyzes in this note are limited to instruments that meet the definition of financial instruments: "Assets (such as prepaid expenses) for which the future 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). "Non-contractual liabilities or assets (such as income taxes resulting from government-mandated legal requirements) are not financial liabilities or financial assets" (IAS 32 - AG12). The totals of the headings in the tables in this note are therefore not necessarily reconcilable directly with the balance sheet headings.

The tables below reconcile the totals of the different sections of the balance sheet and the balances of the instruments contained in the various analyses.

	31/12/2017		
	IFRS 7	Not IFRS 7	Total
Financial assets			
Trade and other receivables	1.865.020.477,93	243.574.975,87	2.108.595.453,80
Derivatives	254.565.239,76	0,00	254.565.239,76
Other financial assets	677.196.449,31	0,00	677.196.449,31
Cash and cash equivalents	387.871.884,03	0,00	387.871.884,03
Total financial assets	**3.184.654.051,03**	**243.574.975,87**	**3.428.229.026,90**
Financial liabilities			
Financial liabilities	3.493.146.802,14	0,00	3.493.146.802,14
Derivatives	406.584.097,73	0,00	406.584.097,73
Trade and other payables	397.766.453,51	25.913.498,62	423.679.952,13
Other amounts payable	261.615.540,71	150.188.615,18	411.804.155,89
Total financial liabilities	**4.559.112.894,09**	**176.102.113,80**	**4.735.215.007,89**

	31/12/2016		
	IFRS 7	Not IFRS 7	Total
Financial assets			
Trade and other receivables	1.989.945.362,52	225.713.968,14	2.215.659.330,66
Derivatives	299.541.061,76	0,00	299.541.061,76
Other financial assets	698.103.509,83	0,00	698.103.509,83
Cash and cash equivalents	307.081.133,70	0,00	307.081.133,70
Total financial assets	**3.294.671.067,81**	**225.713.968,14**	**3.520.385.035,95**
Financial liabilities			
Financial liabilities	3.707.886.496,54	0,00	3.707.886.496,54
Derivatives	466.098.716,49	0,00	466.098.716,49
Trade and other payables	383.776.851,91	17.652.301,61	401.429.153,52
Other amounts payable	336.321.658,13	146.321.427,38	482.643.085,51
Total financial liabilities	**4.894.083.723,07**	**163.973.728,99**	**5.058.057.452,06**

2.2.1 Market Risk: Currency Risk

The Company is exposed to currency risk arising from borrowings in foreign currency, more particularly the alternative financing.

Every 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, but the Company is not exposed to currency risk.

a. Financial instruments by currency

	31/12/2017			
	EUR	USD	Other	Total
Financial assets				
Trade and other receivables	1.864.807.204,70	0,00	213.273,23	1.865.020.477,93
Derivatives	142.665.426,34	111.899.813,42	0,00	254.565.239,76
Other financial assets	446.678.325,42	230.518.123,89	0,00	677.196.449,31
Cash and cash equivalents	387.678.027,09	142.207,36	51.649,58	387.871.884,03
Total financial assets	**2.841.828.983,55**	**342.560.144,67**	**264.922,81**	**3.184.654.051,03**
Financial liabilities				
Financial liabilities	3.203.813.271,88	289.333.530,26	0,00	3.493.146.802,14
Derivatives	372.273.517,71	34.310.580,02	0,00	406.584.097,73
Trade and other payables	397.513.592,13	22.062,35	230.799,03	397.766.453,51
Other amounts payable	261.615.540,71	0,00	0,00	261.615.540,71
Total financial liabilities	**4.235.215.922,43**	**323.666.172,63**	**230.799,03**	**4.559.112.894,09**
Net exposure		**18.893.972,04**	**34.123,78**	

	31/12/2016			
	EUR	USD	Other	Total
Financial assets				
Trade and other receivables	1.989.945.362,52	0,00	0,00	1.989.945.362,52
Derivatives	168.058.880,10	131.379.885,51	102.296,15	299.541.061,76
Other financial assets	445.833.193,12	252.270.316,71	0,00	698.103.509,83
Cash and cash equivalents	306.198.251,77	27.090,50	855.791,43	307.081.133,70
Total financial assets	**2.910.035.687,51**	**383.677.292,72**	**958.087,58**	**3.294.671.067,81**
Financial liabilities				
Financial liabilities	3.379.499.015,19	328.387.481,35	0,00	3.707.886.496,54
Derivatives	432.045.739,31	33.950.681,03	102.296,15	466.098.716,49
Trade and other payables	383.690.036,38	60.624,10	26.191,43	383.776.851,91
Other amounts payable	336.321.658,13	0,00	0,00	336.321.658,13
Total financial liabilities	**4.531.556.449,01**	**362.398.786,48**	**128.487,58**	**4.894.083.723,07**
Net exposure		**21.278.506,24**	**829.600,00**	

The detail presented above shows the currency exposure of the assets and liabilities of the Company. With the exception of the euro, the American dollar constitutes the major foreign currencies of the Company. The exposure to the USD results from the alternative financing operations. The related foreign currency risk in USD is being hedged using swap transactions as presented in item b. hereafter.
The USD hedging difference highlighted above is the result of a difference in the valuation method of derivatives (fair value) and financial assets and financial liabilities hedged (amortized cost).

b. Currency-derivatives

	31/12/2017		31/12/2016	
	Total fair value	Total nominal value	Total fair value	Total nominal value
Currencies bought				
USD	115.563.816,67	73.102.433,30	135.482.106,70	80.841.847,95
Other	0,00	0,00	102.296,15	1.744.948,83
Currencies bought - Total	**115.563.816,67**	**73.102.433,30**	**135.584.402,85**	**82.586.796,78**
Currencies sold				
USD	37.974.583,27	34.568.165,60	38.052.902,19	33.244.781,78
Other	0,00	0,00	102.296,15	1.744.948,83
Currencies sold - Total	**37.974.583,27**	**34.568.165,60**	**38.155.198,34**	**34.989.730,61**
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 Company are swaps transactions concluded exclusively for assets and liabilities related to cross-border arrangements. These derivatives transactions are concluded to manage the cash flows in foreign currency. The company 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. The currencies bought and sold included in “Other” (2016) are related with a transaction in SGD concluded for a subsidiary. At the end of 2017, the Company no longer holds derivative financial instruments for subsidiaries.

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 based on the Company’s position at the end of the period. For currency risk, the sensitivity analysis consists in evaluating the impact on the IFRS financial statement of a variation of the USD (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
2017		
USD + 10%	2.099.330,23	0,00
USD - 10%	-1.717.633,82	0,00
2016		
USD + 10%	2.364.278,47	0,00
USD - 10%	-1.934.409,66	0,00

2.2.2 Market Risk: Interest Rate Risk

a. <u>Interest rate risk</u>

The Company 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 Company strives to let it evolve the risk within approved limits. The Company's executive committee may provide a deviation of these limits in the event that it would be justified by specific market conditions.
The second type relates to the effects of revisions of the *fair value*. As the Company 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 Company strives to limit its exposure to changes in market conditions by spreading the maturity dates of its fixed rates liabilities.

At 31 December 2017, an average of 49,50% (2016: 53,81%) of net interest bearing financial liabilities (before impact of derivatives) are contracted at variable rate and 50,50% (2016: 46,19%) at fixed rates. When taking the derivatives into account, the proportion variable – fixed rate at 31 December 2017 becomes 14,68%/85,32% (2016: 17,18% / 82,82%).

	Carrying amount 31/12/2017	Carrying amount 31/12/2016
Fixed rate instruments		
Financial assets	**1.135.158.132,72**	**1.178.348.891,28**
Trade and other receivables	798.949.375,59	800.083.375,17
Other financial assets	336.208.757,13	378.265.516,11
Cash and cash equivalents	0,00	0,00
Financial liabilities	**-2.013.546.472,33**	**-2.053.307.276,78**
Financial liabilities	-2.011.441.636,19	-2.034.608.411,34
Trade and other payables	0,00	0,00
Other amounts payable	-2.104.836,14	-18.698.865,44
Derivatives	**-636.545.353,97**	**-753.223.557,62**
Interest rate swaps	-669.511.782,02	-805.123.007,29
Foreign exchange swaps	32.966.428,05	51.899.449,67
Total fixed rate instruments	**-1.514.933.693,58**	**-1.628.181.943,12**
Floating rate instruments		
Financial assets	**668.621.322,32**	**743.799.481,99**
Trade and other payables	309.363.000,87	337.341.475,36
Other financial liabilities	178.515.002,70	181.656.014,19
Cash and cash equivalents	180.743.318,75	224.801.992,44
Financial liabilities	**-1.529.624.593,41**	**-1.763.275.222,06**
Financial liabilities	-1.322.480.905,82	-1.494.836.431,44
Trade and other payables	0,00	0,00
Other amounts payable	-207.143.687,59	-268.438.790,62
Derivatives	**600.274.763,82**	**681.665.513,19**
Interest rate swaps	648.823.560,29	735.464.107,88
Foreign exchange swaps	-48.548.796,47	-53.798.594,69
Total variable rate instruments	**-260.728.507,27**	**-337.810.226,88**
Total	-1.775.662.200,85	-1.965.992.170,00

Following the debt assumption by the Belgian State at 1 January 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 for the Company 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. <u>Cash flow sensitivity analysis</u>

A 1oobp rise of floating interest rates (including derivatives) would increase the net interest expenses of the Company in 2017 by 857.318,38 EUR (2016 : 311.566,80 EUR).

c. <u>Fair value sensitivity analysis</u>

Changes in market interest rates affect both the fair value of non-derivative financial instruments recorded at fair value through profit or loss, and derivatives. These changes are taken into account in the assessment of the sensitivity of the net result.

The fair value sensitivity analysis was determined for the Company at the end of the period. An increase by 100bp would impact net result by 44.680.148,09 EUR (52.469.873,64 EUR) on 31 December 2017 (2016), of which 0,00 EUR (0,00 EUR) through other comprehensive income.

2.2.3 Market Risk: risk of commodity price

In terms of commodities, the Company is primarily exposed to price risk on energy prices (electricity, natural gas and gas oil). Historically, the Company 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. A click system has been established in each contract, one by one, and when possible, the price is defined at regular moments. The management committee has been set up within the Company 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 committee is regularly informed of the results.

Regarding electricity, the infrastructure manager (Infrabel) acts as lead-buyer. The Company has mandated Infrabel for the conclusion of framework contracts until 2020 for the "traction" contract (all electricity taken via traction substations, mainly for the traction of rolling stock) and for the distribution contract (for all electricity that is not taken through the traction substations). In the "traction" contract, a click-system will also be provided by the Company from the 2018 delivery year, in combination with the "forward" price and the "spot" price or daily price (daily clicks). In the "distribution" contract, for technical reasons, only a combination of the average price and the daily price is used.

Regarding energy, the infrastructure manager (Infrabel) acts as lead-buyer. The Company has mandated Infrabel for the conclusion of framework contracts until 2020 for the "traction" contract (all electricity taken via traction substations, mainly for the traction of rolling stock) and until 2018 for the distribution contract (for all electricity not taken via the traction substations). In the contract "traction", a click-system (daily clicks and free clicks) will also be provided by the Company, in combination with the average price and the price of the day. For technical reasons, the "distribution" contract only provides for a combination of the average price and the daily price.

Concerning natural gas (heating) and gas oil (heating and traction) the Company 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 Company on behalf of the participating companies, but the individual companies are billed directly. The Company applies the following strategies:

- Natural gas: application of the click-system where prices, for a part of the total volume, are set at different times within the limits approved by the management committee. The final price is a combination of the average of the different buying times and the spot price or the daily price for the remaining volume 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. To assure the supply, the Board of Directors of the Company decided to conclude framework agreements until 2020. The Company has the possibility to renew the framework agreements once, until 2021.

- Gas oil: the click-system cannot be applied here. That is why the Company 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 Board of Directors of the Company has decided for 2015 to 2017 included, to cover a total volume based on 55% of the total estimated average over those years.

Costs related to energy delivery are recorded in operating expenses. Changes in the fair value of derivative financial instruments (diesel swaps) are recognized as financial expenses and income. The impact of the click system is not separated from the basic contract given the close relationship between the economic characteristics and risks of the derivatives and the economic characteristics and risks of the basic contract.

2.2.4 Market risk: price risks 'Other financial assets'

Investments (deposits and fixed income securities) recognized under 'Other financial assets' are held by the Company for the sole purpose of collecting contractual cash flows and form part of the contractual obligations arising from the 'Financial debts' (mainly alternative financing). Some of these assets are voluntarily valued at fair value to eliminate an accounting discrepancy. The Company therefore decides that it is not subject to market risk on these assets.

2.2.5 Credit Risk

Credit risk is the risk of financial loss to the Company if a business partner or counterparty of a financial instrument fails to meet contractual obligations. The Company's credit risk arises from trade receivables, investments, financial assets available for sale and derivatives. The Company does not currently use derivative financial instruments to hedge credit risks.

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	Past due at the end of the period						
			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 2017									
Trade and other receivables	1.865.020.447,93	1.824.505.710,34	20.177.899,67	6.166.523,08	343.421,71	192.593,02	-209.343,54	-121,99	13.843.765,64
Derivatives	254.565.239,76	254.565.239,76	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Other financial assets	677.196.449,31	677.196.449,31	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Cash and cash equivalents	387.871.884,03	387.871.884,03	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total	**3.184.654.021,03**	**3.144.139.283,44**	**20.177.899,67**	**6.166.523,08**	**343.421,71**	**192.593,02**	**-209.343,54**	**-121,99**	**13.843.765,64**
31 December 2016									
Trade and other receivables	1.989.945.362,52	1.970.131.454,51	7.155.551,67	9.644.668,75	1.726.507,48	1.355.623,33	-483.363,00	414.919,78	0,00
Derivatives	299.541.061,76	299.541.061,76	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Other financial assets	698.103.509,83	698.103.509,83	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Cash and cash equivalents	307.081.133,70	307.081.133,70	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total	**3.294.671.067,81**	**3.274.857.159,80**	**7.155.551,67**	**9.644.668,75**	**1.726.507,48**	**1.355.623,33**	**-483.363,00**	**414.919,78**	**0,00**

Regional distribution

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

	Belgium	Eurozone	Europe - other	United States	Other	Total
31 December 2017						
Trade and other receivables	1.499.028.348,02	357.181.017,80	4.893.550,55	3.900.721,52	16.840,04	1.865.020.477,93
Derivatives	196.364.958,02	10.162.852,67	45.922.844,68	2.114.584,39	0,00	254.565.239,76
Other financial assets	275.367.955,59	30.123.146,37	263.584.536,55	75.877.273,85	32.243.536,95	677.196.449,31
Cash and cash equivalents	387.871.884,03	0,00	0,00	0,00	0,00	387.871.884,03
Total	**2.358.633.145,66**	**397.467.016,84**	**314.400.931,78**	**81.892.579,76**	**32.260.376,99**	**3.184.654.051,03**
31 December 2016						
Trade and other receivables	1.532.626.479,70	362.410.366,29	84.898.733,43	5.101.173,40	4.908.609,70	1.989.945.362,52
Derivatives	217.858.172,93	10.291.483,55	71.391.405,28	0,00	0,00	299.541.061,76
Other financial assets	280.630.480,76	33.710.997,08	269.846.728,52	79.218.214,56	34.697.088,91	698.103.509,83
Cash and cash equivalents	306.340.743,26	0,00	740.390,44	0,00	0,00	307.081.133,70
Total	**2.337.455.876,65**	**406.412.846,92**	**426.877.257,67**	**84.319.387,96**	**39.605.698,61**	**3.294.671.067,81**

Credit risk on trade receivables and other receivables

Accounts receivable and other receivables relate in 2017 to 63.67% (2016: 60.04%) claims on the Belgian State following the pre-financing of investments and net claims related to operating grants (SPF) and for 16, 58% (2016: 16.42%) guarantees paid to financial institutions under CSA contracts. Other trade receivables and other receivables (2017: 19.75%, 2016: 23.54%) are spread over several third partiess.

Credit risk on investements

The Company 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 Company 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 Company expects that counterparties met 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.

The Company considers the carrying amount of its investments measured at fair value as a fair estimate of its maximum exposure to credit risk. The tables below show, for investments valued at fair value, the distinction between the contractual value (nominal and acquired products) and the fair value adjustment.

Financial assets available for sale in which the Company 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 11.

The cash and cash equivalents in which the Company 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 Company has invested benefit from the following ratings (Standard & Poor's):

Rating	31/12/2017					
	Nominal		Fair value	Accrued income		
	Non-current	Current	adjustment	Non-current	Current	Total
Other financial assets	**695.790.363,89**	**9.373.802,23**	**-37.620.687,88**	**9.296.292,89**	**356.678,18**	**677.196.449,31**
AA+	88.309.549,43	5.353.558,30	3.004.695,28	2.058.016,73	6.072,24	98.731.891,98
Financial institutions	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Sovereigns	*88.309.549,43*	*5.353.558,30*	*3.004.695,28*	*2.058.016,73*	*6.072,24*	*98.731.891,98*
Corporates	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
AA	285.973.752,37	0,00	0,00	2.489.393,61	-6.991,70	288.456.154,28
Financial institutions	*30.495.459,81*	*0,00*	*0,00*	*1.748.077,14*	*0,00*	*32.243.536,95*
Sovereigns	*255.478.292,56*	*0,00*	*0,00*	*741.316,47*	*-6.991,70*	*256.212.617,33*
Corporates	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
AA-	115.900.894,97	4.020.243,93	0,00	60.973,72	67.478,52	120.049.591,14
Financial institutions	*115.900.894,97*	*4.020.243,93*	*0,00*	*60.973,72*	*67.478,52*	*120.049.591,14*
Sovereigns	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Corporates	*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
Financial institutions	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Sovereigns	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Corporates	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
A	94.055.532,41	0,00	548.178,22	4.687.908,83	251.075,50	99.542.694,96
Financial institutions	*94.055.532,41*	*0,00*	*548.178,22*	*4.687.908,83*	*251.075,50*	*99.542.694,96*
Sovereigns	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Corporates	*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
Financial institutions	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Sovereigns	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Corporates	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
NR	111.550.634,71	0,00	-41.173.561,38	0,00	39.043,62	70.416.116,95
Financial institutions	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Sovereigns	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Corporates	*18.486.563,33*	*0,00*	*0,00*	*0,00*	*39.043,62*	*18.525.606,95*
Equity securities	*93.064.071,38*	*0,00*	*-41.173.561,38*	*0,00*	*0,00*	*51.890.510,00*
Other	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*

Rating	31/12/2017					
	Nominal		Fair value	Accrued income		
	Non-current	Current	adjustment	Non-current	Current	Total
Cash and cash equivalents	**0,00**	**387.871.842,90**	**0,00**	**0,00**	**41,13**	**387.871.884,03**
A-1+	0,00	180.743.277,62	0,00	0,00	0,00	180.743.277,62
Financial institutions	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Sovereigns	*0,00*	*180.743.277,62*	*0,00*	*0,00*	*0,00*	*180.743.277,62*
Corporates	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
NR	0,00	207.128.565,28	0,00	0,00	41,13	207.128.606,41
Financial institutions	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Sovereigns	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Corporates	*0,00*	*0,00*	*0,00*	*0,00*	*41,13*	*41,13*
Cash at bank	*0,00*	*199.044.068,27*	*0,00*	*0,00*	*0,00*	*199.044.068,27*
Cash in hand	*0,00*	*8.084.497,01*	*0,00*	*0,00*	*0,00*	*8.084.497,01*
	695.790.363,89	**397.245.645,13**	**-37.620.687,88**	**9.296.292,89**	**356.719,31**	**1.065.068.333,34**

Rating	31/12/2016					
	Nominal		Fair value	Accrued income		
	Non-current	Current	adjustment	Non-current	Current	Total
Other financial assets	**694.293.508,97**	**30.004.599,79**	**-36.791.683,35**	**8.581.443,06**	**2.015.641,36**	**698.103.509,83**
AA+	73.539.349,89	0,00	4.778.541,83	900.322,84	0,00	79.218.214,56
Financial institutions	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Sovereigns	*73.539.349,89*	*0,00*	*4.778.541,83*	*900.322,84*	*0,00*	*79.218.214,56*
Corporates	*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
Financial institutions	*32.815.993,36*	*0,00*	*0,00*	*1.881.095,55*	*0,00*	*34.697.088,91*
Sovereigns	*231.123.077,30*	*0,00*	*0,00*	*704.426,88*	*-5.638,68*	*231.821.865,50*
Corporates	*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
Financial institutions	*113.820.330,25*	*0,00*	*0,00*	*121.603,42*	*0,00*	*113.941.933,67*
Sovereigns	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Corporates	*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
Financial institutions	*33.244.781,78*	*0,00*	*103.550,18*	*0,00*	*253.379,77*	*33.601.711,73*
Sovereigns	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Corporates	*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
Financial institutions	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Sovereigns	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Corporates	*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
Financial institutions	*68.797.924,28*	*30.004.599,79*	*0,00*	*4.973.994,37*	*976.783,07*	*104.753.301,51*
Sovereigns	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Corporates	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
NR	140.952.052,11	0,00	-41.673.775,36	0,00	791.117,20	100.069.393,95
Financial institutions	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Sovereigns	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Corporates	*48.006.374,57*	*0,00*	*0,00*	*0,00*	*791.117,20*	*48.797.491,77*
Equity securities	*92.945.677,54*	*0,00*	*-41.673.775,36*	*0,00*	*0,00*	*51.271.902,18*
Other	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*

Rating	31/12/2016					
	Nominal		Fair value	Accrued income		
	Non-current	Current	adjustment	Non-current	Current	Total
Cash and cash equivalents	0,00	307.078.645,76	0,00	0,00	2.487,94	307.081.133,70
A-1+	0,00	224.061.602,00	0,00	0,00	0,00	224.061.602,00
Financial institutions	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Sovereigns	*0,00*	*224.061.602,00*	*0,00*	*0,00*	*0,00*	*224.061.602,00*
Corporates	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
NR	0,00	83.017.043,76	0,00	0,00	2.487,94	83.019.531,70
Financial institutions	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Sovereigns	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Corporates	*0,00*	*737.902,50*	*0,00*	*0,00*	*2.487,94*	*740.390,44*
Cash at bank	*0,00*	*77.293.328,28*	*0,00*	*0,00*	*0,00*	*77.293.328,28*
Cash in hand	*0,00*	*4.985.812,98*	*0,00*	*0,00*	*0,00*	*4.985.812,98*
	694.293.508,97	337.083.245,55	-36.791.683,35	8.581.443,06	2.018.129,30	1.005.184.643,53

The amounts mentioned as “Corporate” without rating are exclusively related to subsidiaries. The bank accounts are mainly held at financial institutions established in Belgium whose short term rating is A-1 or A-2.

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 Company or by the counterparty in case of termination is calculated regularly. Through the use of CSA contracts, the Company 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 Company has an exposure to a limited number of counterparties.

Management of derivatives counterparty credit risk				31/12/2017
Counterparty	Credit risk	Collateral posted	Collateral received	Net exposure
152	19.803.065,23	0,00	-26.400.000,00	-6.596.934,77
154	-352.758.189,98	305.339.368,00	0,00	-47.418.821,98
155	168.398,12	0,00	0,00	168.398,12
156	-1.950.093,44	0,00	0,00	-1.950.093,44
158	10.001.916,76	0,00	0,00	10.001.916,76
159	-3.756.619,50	3.900.000,00	0,00	143.380,50
160	-11.858.965,75	0,00	0,00	-11.858.965,75
161	-13.959.551,48	0,00	0,00	-13.959.551,48
162	-3.430.130,29	0,00	0,00	-3.430.130,29
163	-4.675.148,19	0,00	0,00	-4.675.148,19
With CSA	-362.415.318,52	309.239.368,00	-26.400.000,00	-79.575.950,52
520	0,00	0,00	0,00	0,00
Belgian State	194.112.661,51	0,00	0,00	194.112.661,51
Eurofima	16.283.799,04	0,00	0,00	16.283.799,04
Without CSA	210.396.460,55	0,00	0,00	210.396.460,55
Total	-152.018.857,97	309.239.368,00	-26.400.000,00	130.820.510,03

Management of derivatives counterparty credit risk				31/12/2016
Counterparty	Credit risk	Collateral posted	Collateral received	Net exposure
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
520	102.296,15	0,00	0,00	102.296,15
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	240.226.800,72	0,00	0,00	240.226.800,72
Total	-166.557.654,73	326.839.106,00	-42.300.000,00	117.981.451,27

2.2.6 Framework agreements and likewise agreements

The Company already enters into its derivative financial instruments under the terms of the International Swaps and Derivatives Association (ISDA) Master Agreement. Under this master agreement, it is possible to settle all reciprocal obligations in a given currency and day in an amount owed by one party to another party. In special circumstances, for example when a credit event occurs as a bankruptcy, all transactions falling under the master agreement are closed and an amount receivable or payable is determined for settlement of all reciprocal obligations.

The ISDA-Master Agreement does not meet the criteria for offsetting financial assets and liabilities. This is because the Company does not currently have a legally enforceable right to offset recognized amounts. This right is only enforceable after a future event, such as a bankruptcy, occurs.

The gross amounts of derivative financial instruments by type of contract are detailed in note 11. The net amounts per counterparty and taking into account the guarantees paid and received are detailed in section 2.2.5. above.

The Company, along with other European railway companies, is part of a multilateral clearing mechanism (CCB). This organization sets periodically, on the basis of the reciprocal claims and obligations presented to it, the amounts to be paid and received by each party to settle all the reciprocal obligations. As soon as the BCC has communicated these amounts to its members, they have a legally enforceable right to pay these amounts.
The table below details the amounts of recognized balances as well as receivables and obligations with other members of the organization that have not yet been presented as at 31 December 2017.

	Carrying amount 31/12/2017
Amounts offset	**230.341,92**
Trade and other receivables	1.017.769,80
Other amounts payable	-787.427,88
Elegible amounts not yet offset	**-2.102.373,42**
Trade and other receivables	3.275.446,87
Other amounts payable	-5.377.820,29
Total	**-1.872.031,50**

2.2.7 Liquidity Risk

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

- disposes of sufficient liquidities. The Company has, at the end of 207.063.950,54 (2016, 82.954.603,02 EUR) at its disposal which are not managed for third parties.
- has sufficient available lines of credit, confirmed (2017: 375 million EUR; 2016: 375 million EUR) and unconfirmed (2017: 35 million EUR; 2016: 35 million EUR) credit facilities available, supplemented by (unconfirmed) commercial paper (2017: 4 billion EUR; 2016: 4 billion EUR).
- has a credit line (2017: 600 million EUR; 2016: 200 million EUR) with the European Investment bank allowing to conclude long-term financing.
- 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 Company raised at the end of 2017 350.057.888,33 EUR (2016: 445.071.113,62 EUR) through its commercial paper program and did not make use of available credit facilities (2016: 0,00 EUR).

The Company 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 operational grants provided in the SNCB's management contract play an important role in the financing of operational and investment activities. The Company 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, derivatives and available cash and cash equivalents.

* including interest payments	Carrying amount	Contractual cash flows *	< 6 months	6-12 months	1-2 year	2-5 years	> 5 year
31 December 2017							
Financial assets							
Trade and other receivables	548.136.235,70	749.034.174,70	26.358.174,70	30.035.000,00	41.926.000,00	125.778.000,00	524.937.000,00
Derivatives	254.565.239,76	41.541.049,58	-1.033.308,06	-4.848.850,37	-6.112.964,91	74.037.988,13	-20.501.815,21
Other financial assets	606.780.332,36	1.032.894.989,71	2.510.844,62	10.419.532,71	13.153.608,26	216.290.392,74	790.520.611,38
Cash and cash equivalents	180.743.286,70	180.743.286,70	180.743.286,70	0,00	0,00	0,00	0,00
Total financial assets	**1.590.225.094,52**	**2.004.213.500,69**	**208.578.997,96**	**35.605.682,34**	**48.966.643,35**	**416.106.380,87**	**1.294.955.796,17**
Financial liabilities							
Financial liabilities	3.493.146.802,14	4.083.061.332,14	553.337.425,94	141.167.931,93	260.212.979,21	1.239.018.083,60	1.889.324.911,46
Derivatives	406.584.097,73	430.725.018,97	286.528,29	27.374.442,07	-48.979.854,59	138.156.373,75	313.887.529,45
Trade and other payables	397.766.453,51	397.766.453,51	397.764.512,46	1.911,45	0,00	29,60	0,00
Other amounts payable	261.615.540,71	261.638.422,77	109.200.849,44	60.866.704,08	54.488.490,62	34.787.148,22	2.295.230,41
Total financial liabilities	**4.559.112.894,09**	**5.173.191.227,39**	**1.060.589.316,13**	**229.410.989,53**	**265.721.615,24**	**1.411.961.635,17**	**2.205.507.671,32**
Total	**-2.968.887.799,57**	**-3.168.977.726,70**	**-852.010.318,17**	**-193.805.307,19**	**-216.754.971,89**	**-995.855.254,30**	**-910.551.875,15**
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	299.541.061,76	-202.625,14	3.322.742,88	3.117.724,20	5.892.053,16	-15.362.379,69	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	**1.683.850.532,81**	**2.051.039.564,23**	**278.218.823,59**	**33.433.269,49**	**55.435.184,52**	**243.511.721,78**	**1.440.440.564,85**
Financial liabilities							
Financial liabilities	3.707.886.496,54	4.347.482.140,26	823.992.061,15	22.166.875,30	163.929.774,97	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	383.776.851,91	383.288.090,97	383.110.607,21	78,47	0,00	177.405,29	0,00
Other amounts payable	336.321.658,13	386.855.000,69	121.199.399,85	42.908.797,10	77.996.597,17	75.960.427,48	68.789.779,09
Total financial liabilities	**4.894.083.723,07**	**5.534.991.381,82**	**1.334.170.466,35**	**100.431.816,66**	**280.106.128,96**	**955.844.956,51**	**2.864.438.013,34**
Total	**-3.210.233.190,26**	**-3.483.951.817,59**	**-1.055.951.642,76**	**-66.998.547,17**	**-224.670.944,44**	**-712.333.234,73**	**-1.423.997.448,49**

2.2.8 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).

	31/12/2017		
	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	70.517.643,31	30.013.861,02	0,00
Derivatives	0,00	240.133.837,11	14.431.402,64
Other	0,00	110.705.812,36	0,00
Available-for-sale financial assets	0,00	0,00	51.890.510,00
Total	**70.517.643,31**	**380.853.510,49**	**66.321.912,64**
Liabilities			
Financial liabilities at fair value through profit or loss			
Financial liabilities	0,00	0,00	127.859.616,34
Derivatives	0,00	408.436.494,13	-1.852.396,40
Other	0,00	0,00	
Total	**0,00**	**408.436.494,13**	**126.007.219,94**

	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	276.144.729,92	23.396.331,84
Other	0,00	87.113.868,18	0,00
Available-for-sale financial assets	0,00	0,00	51.271.902,18
Total	**79.218.214,56**	**396.860.309,83**	**74.668.234,02**
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**

The fixed income securities (and liabilities) measured at fair value include investments (and liabilities) for which the Company decided at the time of initial recognition to recognise them as “measured at fair value through profit and loss”. Other receivables measured at fair value include capitalized interest and interest accrued on swap contracts with the Belgian State forming part of the "Back-to-Back" receivables which, together with the derivative financial instruments, form the financial instruments held for commercial purposes.

Following the reorganisation on January 1st 2014, the Company no longer has a representative number of listed fixed income securities (Bonds). The Company 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. On the basis of periodic market consultations, the Company establishes an estimate of the credit margin applicable to it in relation to the Belgian government's financing cost and which enables it to make a realistic estimate of the valuation curve for these instruments.

Changes in level 3 financial instruments	EUR
Assets	
At 1 January	74.668.234,02
Disposals	-1.126,04
Payments	339.718,68
Total gains and losses recognised in net-result	-9.304.647,88
Transfers assets-liabilities	0,00
Transfer to another balance sheet item	619.733,86
At 31 December	66.321.912,64
Liabilities	
At 1 January	146.891.981,05
Payments	-96.638,94
Total gains and losses recognised in net-result	-20.788.122,17
Transfers assets-liabilities	0,00
At 31 December	126.007.219,94

Note 3 – Critical accounting estimates and significant judgments

The preparation of financial statements in accordance with IFRS brings the Company to establish significant judgments, 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 Company 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. Judgments and estimates concern mainly the following areas:

3.1 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 Company selects the methods and retains the assumptions that seem to be appropriate, based principally on existing market conditions at reporting date. The Company 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 of the interest rate, cash flow and fair value of financial instruments.

3.2 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 Company determines this rate by reference to first category corporate bonds with similar maturity at closing date. Other major assumptions are based on the market, or reflect the Company's best estimate (see additional information disclosed in note 17).

A sensitivity analysis on main assumptions is presented in the note 17.5.

3.3 Useful life of property, plant and equipment and intangible assets

Property, plant and equipment mainly comprise 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 Company. Estimated useful life takes into consideration the foreseen use by the Company, foreseen physical wear that depends on operational factors such as the maintenance program, technical and economical obsolescence, and legal limitations and other similar limitations (such as the leasing contract period). For a detail of the useful lives estimated for property, plant and equipment and intangible assets, we refer to note 1.3 and 1.4. 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's a change in the circumstances in such manner that the estimated useful life has to be revised, that 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.

3.4 Impairment losses on interests in subsidiaries, joint ventures and related parties

Interests in subsidiaries, joint ventures and related parties are subject to an impairment test when there is an objective ground to believe that the interest might have suffered an impairment loss. An impairment loss on these interests is recognised if the carrying amount exceeds the recoverable amount.

For the non-significant parties, the valuation is solely based on the share in equity of the financial year t-1.

3.5 Impairment losses on property, plant and equipment

Certain property, plant and equipment and certain investment properties were valued at fair value during the transition to IFRS on 1 January 2014. The property, plant and equipment are subjected to an impairment test when there is an indication of an impairment loss. An impairment loss is recognized when the carrying amount is higher than recoverable amount. The recoverable amount of land corresponds to the fair value less cost to sell. The adopted method to determine the fair value is described in note 5.2 Impairment losses on property, plant and equipment.

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 (based on a future horizon of three years) 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.

3.7 Provisions

The Company records provisions for environmental and legal risks whenever there is a legal or constructive obligation to a third party that will result in an outflow of resources and can be reliably estimated. The amounts recognized are based on the best possible estimate of the analyses performed at the time of closing the accounts.

Note 4 – Intangible assets

	Note	Internally generated softwares	Others	Total
Carrying value at 1 January 2016		**262.084.686,54**	**2.303,24**	**262.086.989,78**
Acquisitions		39.511.956,79		39.511.956,79
Internally generated fixed assets		3.876.492,60		3.876.492,60
Disposals			-9.555,00	-9.555,00
other transfers		-29.881,93	18.214,50	-11.667,43
Impairment losses		-864.850,02		-864.850,02
Amortisation of the year		-48.021.142,86		-48.021.142,86
Carrying value at 31 December 2016		**256.557.261,12**	**10.962,74**	**256.568.223,86**
Carrying value at 1 January 2017		**256.557.261,12**	**10.962,74**	**256.568.223,86**
Acquisitions		27.991.849,42		27.991.849,42
Internally generated fixed assets		3.407.548,88		3.407.548,88
Disposals			-16.813,85	-16.813,85
other transfers			15.133,58	15.133,58
Impairment losses		-19.085.194,70		-19.085.194,70
Amortisation of the year		-52.336.348,04		-52.336.348,04
Carrying value at 31 December 2017		**216.535.116,68**	**9.282,47**	**216.544.399,15**

	Internally generated softwares	Others	Total
As at 31 December 2016			
Cost	501.126.040,76	10.962,74	501.137.003,50
Accumulated amortisation	-240.784.816,78		-240.784.816,78
Accumulated impairment	-3.783.962,86		-3.783.962,86
Carrying value at 31 December 2016	**256.557.261,12**	**10.962,74**	**256.568.223,86**
As at 31 December 2017			
Cost	532.397.311,15	9.282,47	532.406.593,62
Accumulated amortisation	-293.095.990,20		-293.095.990,20
Accumulated impairment	-22.766.204,27		-22.766.204,27
Carrying value at 31 December 2017	**216.535.116,68**	**9.282,47**	**216.544.399,15**

The amount of other transfers relate to the green certificates as a result of the installation of photovoltaic panels. SNCB sold 230 of its green certificates in 2017 for the amount of 18.002,00 EUR generating a profit of 1.188,15 EUR.

Impairment losses booked in 2017 on internally generated softwares include an amount of 19.041.826,44 EUR including 12.800.153,95 EUR for the NDS project and 6.241.672,49 EUR for the Dice project following the (partial) discontinuation of these two investment projects which were essentially under development. On 3 October 2017, the Company decided to partially end the investments related to the NDS (New Distribution System) project. For the NDS system components that will no longer be used and for which the current and future developments have been permanently terminated, the costs activated until 31 December 2016 have been subject to a total impairment loss (12.800.153,95 EUR) while expenditure for 2017 has been recognized as an expense (6.493.338,31 EUR). For the components of the NDS system that will still be used after 2017 (corresponding to an amount of 10.453.890,72 EUR as of 31 December 2017), they will be amortized from 2018 on the basis of their remaining useful life. The Company has also decided to completely stop the investments related to the DICE project (departure procedure for trains). All of the DICE costs activated until 31 December 2016 were subject to a total impairment loss (6.341.672,49 EUR via intangible assets and 2.518.203,94 EUR via property, plant and equipment). While the expenses of 2017 has been recognized as an expense (3.475.810,84 EUR). Given that the NDS and DICE projects are fully financed through government grants, capital grants have been recognized in the P&L for corresponding amounts.

Intangible assets not ready for use amount to 64.489.594,12 EUR as per 31 December 2017 (of which 59.918.592,00 EUR is funded by government grants) and to 89.093.502,73 EUR as per 31 December 2016 (of which 85.919.623,74 EUR is funded by government grants). They have been subjected to impairment test (see NDS and DICE above).

Carrying value of intangible assets	31/12/2017	31/12/2016
Acquired through grants: internally generated softwares	207.013.061,21	246.347.005,80

As per 31 December 2017, 95,6% of the intangible assets are acquired through government grants.

The Company has no intangible assets with indefinite useful life.

Note 5 – Property, plant and equipment

5.1 Property, plant and equipment

Notes	Land	Buildings	Rail infrastructure	Railway rolling stock	Plant and various equipment	Assets under construction	Total
Carrying value at 1 January 2016	**888.955.029,17**	**770.742.064,05**	**45.812.141,39**	**4.034.780.569,91**	**190.834.697,20**	**1.152.274.230,83**	**7.083.398.732,55**
Acquisitions	0,00	132.559,50	690.923,22		34.087,77	320.128.307,30	320.985.877,79
Merger	4.309.992,17	8.856.393,53	207,36				13.166.593,06
Internally generated						140.873.655,66	140.873.655,66
Borrowing cost						66.004,62	66.004,62
Disposals							0,00
Transfer to							
other assets held for sales	-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
investment properties	-19.971.256,68	-1.503.496,45			-3.654,64	-6.042.537,23	-27.520.945,00
other category within this section	227.443,07	211.546.367,53	11.454.343,65	131.719.620,66	39.861.178,83	-394.779.071,81	29.881,93
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		-44.782.638,34	-2.843.506,67	-246.110.173,63	-26.668.103,43		-320.404.422,07
Carrying value at 31 December 2016	**782.187.898,59**	**925.933.024,03**	**54.610.386,65**	**3.883.368.532,07**	**200.293.119,40**	**1.211.584.123,49**	**7.057.977.084,23**
Carrying value at 1 January 2017	**782.187.898,59**	**925.933.024,03**	**54.610.386,65**	**3.883.368.532,07**	**200.293.119,40**	**1.211.584.123,49**	**7.057.977.084,23**
Acquisitions		94.848,65			65.711,96	302.776.821,38	302.937.381,99
Merger		32.000.000,00					32.000.000,00
Internally generated						153.278.233,72	153.278.233,72
Borrowing cost						134.935,18	134.935,18
Disposals					-46.378,79		-46.378,79
Transfer to							
other assets held for sales	-742.410,14	-383.471,40		-265.163,57	-288.010,50	-4.668,65	-1.683.724,26
investment properties	34.667,64	-32.042.573,28				-2.992.501,21	-35.000.406,85
other category within this section	959.533,20	76.886.670,64	12.909.662,98	126.454.347,66	50.596.384,24	-267.806.598,72	0,00
Other transfers				1.875.708,14			1.875.708,14
Impairment losses	-3.488.854,60	-974.757,03	-117.636,98	-18.782.664,46	-1.854.154,13		-25.218.067,20
Reversal of impairment losses	671.871,72						671.871,72
Depreciation		-46.884.617,37	-3.013.968,46	-246.847.294,77	-26.264.000,92		-323.009.881,52
Carrying value at 31 December 2017	**779.622.706,41**	**954.629.124,24**	**64.388.444,19**	**3.745.803.465,07**	**222.502.671,26**	**1.396.970.345,19**	**7.163.916.756,36**

At 31 December 2017, the Company's acquisitions (including capitalized production and borrowing costs) amounted to 456.350.550,89 EUR. They mainly include:

- investments in rolling stock, in particular major overhauls and modernisations of electric and diesel railcars, locomotives and cars for 115.537.109,39 EUR, acquisition of M7 equipment for 78.685.817,78 EUR, the adaptation of rolling stock for ETCS for 12.347.739,34 EUR, the purchase of spare parts for 5.778.739,05 EUR and the fitting of 12 Traxx locomotives (EL 28) for 3.328.735,91 EUR;

- investments in reception, among others, Gand Saint-Pierre for 15.315.488,56 EUR, Mons for 13.611.973,73 EUR, Brussels North for 13.064.740,68 EUR, Mechelen for 7.502.827,16 EUR or Brussels Midi for 3.582.975,34 EUR;

- investments in workshops, in particular those of Melle (23.642.209,63 EUR), Kinkempois (20.478.227,95 EUR), Hasselt (11.426.658,20 EUR), Mechelen (9.367.354,05 EUR), Schaarbeek (8.327.533,04 EUR) or Salzinnes (4.833.784,57 EUR);

- an amount of 11.232.380,01 EUR consecutive to the "dadingsovereenkomst" concluded on 10 November 2017 between the Company and Infrabel. In its Article 2§1, this contract provides for the transfer of Infrabel's investments to the Company for the projects that concern it, following the change in the scope of the activities of these two companies after the reform of 1 January 2014. Infrabel has therefore transferred to the current fixed assets of the Company an amount of EUR 11.232.380,01 corresponding to the investment expenditure Reception between 1

January 2014 and the end of October 2017. The associated grants relating thereto (11.232.380,01 EUR) have also been transferred to the Company.

The amount of 32.000.000,00 EUR recognized at construction level follows the absorption merger, on 1 October 2017, of SPV LLN, which was incorporated on 3 June 2010 pursuant to a contract between the federal government, the Walloon Region and the former SNCB Holding. This contract provided for the pre-financing by the Walloon Region of a parking lot at the Louvain-la-Neuve station. The works were completed in 2017 and as stipulated in the contract, the Company has acquired all the assets of the SPV LLN, mainly the parking for an amount of 32.000.000 EUR subsidized by the Walloon Region.

The capitalization rate used to determine the amounts of borrowing costs to be incorporated in property, plant and equipment is 2,11% in 2017 and 2,30% in 2016.

Transfers in 2017 from property, plant and equipment (buildings) to investment properties are the consequence of an analysis based on occupancy rates for own use at 31 December 2017 of the buildings (the main transfers concern the building Liège railway station 18.298.347,12 EUR and the Brussels Midi station building 3.769.697,96 EUR). The transfer of 1.875.708,14 EUR to property, plant and equipment - railway rolling stock - is linked to the activation of significant spare parts for certain types of rolling stock as they fulfill the criteria for activation as property, plant and equipment. . These assets were activated during the year 2017 for an acquisition value of 4.667.414,73 EUR and accumulated depreciation of 2.791.706,59 EUR.

	Land	Buildings	Rail infrastructure	Railway rolling stock	Plant and various equipment	Assets under construction	Total
As at 31 December 2016							
Cost	866.322.379,39	1.666.078.794,76	159.970.505,63	6.547.071.905,74	584.564.995,18	1.211.584.123,49	11.035.592.704,19
Accumulated amortisation		-732.708.673,73	-88.116.155,77	-2.654.916.938,30	-376.240.998,82		-3.851.982.766,62
Accumulated impairment	-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	**782.187.898,59**	**925.933.024,03**	**54.610.386,65**	**3.883.368.532,07**	**200.293.119,40**	**1.211.584.123,49**	**7.057.977.084,23**
As at 31 December 2017							
Cost	866.274.449,40	1.733.071.727,52	168.317.838,12	6.617.646.490,05	596.402.811,01	1.396.970.345,19	11.378.683.661,29
Accumulated amortisation		-768.426.450,73	-87.643.470,84	-2.861.296.992,54	-365.711.343,10		-4.083.078.257,21
Accumulated impairment	-86.651.742,99	-10.016.152,55	-16.285.923,09	-10.546.032,44	-8.188.796,65		-131.688.647,72
Carrying value at 31 December 2017	**779.622.706,41**	**954.629.124,24**	**64.388.444,19**	**3.745.803.465,07**	**222.502.671,26**	**1.396.970.345,19**	**7.163.916.756,36**

5.2 Impairment losses on property, plant and equipment

In 2016, an impairment test was performed by internal experts on Company lands that had been measured at fair value on 1 January 2014 under IFRS 1 ‘First application of IFRS'. Following a change in valuation techniques, impairment losses of 145.893.397,94 EUR were recognized as of 31 December 2016 (86.644.172,93 EUR on land classified as property, plant and equipment, 58.528.141,93 EUR) on land classified as investment property and 721.083,08 EUR on land classified as non-current assets held for sale).

Impairment losses recognized in 2017 include in particular 14.310.062,98 EUR for the decommissioning of rolling stock (motor railcars, locomotives and cars) and 2.518.203,94 EUR for the complete waiver of the DICE investment project (See note 4. Intangible assets). Impairment losses were also recognized in 2017 following impairment tests carried out in 2017 on land.

5.3 Property, plant and equipment : finance leases

The Company holds the following property, plant and equipment under finance lease contracts:

	Constructions
As at 31 December 2016	
Cost	15.502.546,24
Accumulated amortisation	-1.841.801,71
Accumulated impairment	-5.959.691,46
Carrying value at 31 December	**7.701.053,07**
As at 31 December 2017	
Cost	15.502.546,24
Accumulated amortisation	-2.079.371,27
Accumulated impairment	-5.959.691,46
Carrying value at 31 December	**7.463.483,51**

As at 31 December 2017 and 2016, the buildings taken under finance lease concern the Salik building and a subsoil following the acquisition by the Company in 2016 of the "Concessions Bruxelles Midi" business line at Eurostation.

5.4 Other information related to property, plant and equipment

Carrying value of property, plant and equipment	31/12/2017	31/12/2016
of which the property is		
given as a collateral for debts	2.030.737.782,30	2.243.337.117,73
Total	**2.030.737.782,30**	**2.243.337.117,73**

Property, plant and equipment given as collateral for debts, mainly include rolling stock (1.980.010.534,61 EUR in 2017, 2.191.260.886,75 EUR in 2016) and, to a lesser extent, administrative buildings (50.727.247,69 EUR in 2017, 52.076.230,98 EUR in 2016).

Carrying value of property, plant and equipment	31/12/2017	31/12/2016
Acquired through grants		
Lands	*41.480.434,62*	*40.520.901,42*
Buildings	*883.020.299,38*	*851.000.518,16*
Rail infrastructure	*53.985.941,82*	*43.200.049,40*
Railway rolling stock	*3.421.817.705,46*	*3.530.593.815,20*
Plant and various equipment	*188.822.940,04*	*164.923.894,20*
Assets under construction	*1.385.261.062,53*	*1.198.866.775,64*
Total	**5.974.388.383,85**	**5.829.105.954,02**

As per 31 December 2017, 83,4% of property, plant and equipment is funded by government grants (82,6% in 2016).

Note 6 – Investment property

6.1 Investment property

	Land	Buildings	Total
Carrying value at 1 January 2016	**367.824.245,14**	**73.737.486,34**	**441.561.731,48**
Acquisitions		2.039.233,29	2.039.233,29
Internally generated		5.398,60	5.398,60
Transfer within the section	492,85	-492,85	0,00
Transfer to:			
non-current assets held for sale	-5.918.618,78	-13.585,60	-5.932.204,38
property, plant and equipment	19.971.256,68	7.549.688,32	27.520.945,00
other	719.977,19		719.977,19
Impairment losses	-58.528.141,93	-1.422,92	-58.529.564,85
Depreciation of the year		-4.054.265,71	-4.054.265,71
Carrying value at 31 December 2016	**324.069.211,15**	**79.262.039,47**	**403.331.250,62**
Carrying value at 1 January 2017	**324.069.211,15**	**79.262.039,47**	**403.331.250,62**
Acquisitions		1.214.495,18	1.214.495,18
Internally generated		237,29	237,29
Transfer to:			
non-current assets held for sale	-1.722.266,31	-107.646,43	-1.829.912,74
property, plant and equipment	501.411,27	34.498.995,58	35.000.406,85
other	236,87		236,87
Impairment losses	-2.607.755,74	-3.578,70	-2.611.334,44
Reversal of impairment losses	1.800.568,71		1.800.568,71
Depreciation of the year		-7.781.588,55	-7.781.588,55
Carrying value at 31 December 2017	**322.041.405,95**	**107.082.953,84**	**429.124.359,79**

In 2017, transfers of 34.498.995,58 EUR from property, plant and equipment are the result of an analysis based on occupancy rates for own use at 31 December 2017 for buildings (see Note 5. Property, plant and equipment).

As of 31 December 2016, impairment losses of 58.528.141,93 EUR were recognized on land that was measured at fair value at the transition to IFRS as at 1 January 2014 (see Note 5.2 Impairment losses on property, plant and equipment.

	Land	Buildings	Total
As at 31 December 2016			
Cost	377.984.743,04	196.541.193,68	574.525.936,72
Accumulated depreciation		-113.910.147,75	-113.910.147,75
Accumulated impairment	-53.915.531,89	-3.369.006,46	-57.284.538,35
Carrying value at 31 December 2016	**324.069.211,15**	**79.262.039,47**	**403.331.250,62**
As at 31 December 2017			
Cost	376.989.078,42	233.632.792,73	610.621.871,15
Accumulated depreciation		-125.793.201,19	-125.793.201,19
Accumulated impairment	-54.947.672,47	-756.637,70	-55.704.310,17
Carrying value at 31 December 2017	**322.041.405,95**	**107.082.953,84**	**429.124.359,79**

6.2 Other information related to investment property

As at 31 December 2017 and 2016, there is no investment property whose property is pledged as security for debt.

As of 31 December 2017 (2016), 21,7% (15,8%) of investment properties are subsidized:

Carrying value of investment properties	31/12/2017	31/12/2016
Acquired through grants		
Land	544.262,94	499.270,55
Buildings	92.384.804,44	67.123.036,15
Total	92.929.067,38	67.622.306,70

Investment properties include land and buildings that are fully or partially leased under operating lease agreements:

	31/12/2017			31/12/2016		
	Land	Buildings and land equipments	Total	Land	Buildings and land equipments	Total
Cost	210.018.373,20	212.990.586,88	423.008.960,08	219.197.736,25	81.986.200,94	301.183.937,19
Accumulated depreciation at 1 January	-22.739.797,00	-108.083.372,12	-130.823.169,12	-24.749.609,99	-44.095.593,81	-68.845.203,80
Depreciation of the year		-6.912.688,02	-6.912.688,02		-3.101.136,34	-3.101.136,34
Carrying value at 31 December	187.278.576,20	97.994.526,74	285.273.102,94	194.448.126,26	34.789.470,79	229.237.597,05

Accounted for in net result for the year ending	31/12/2017	31/12/2016
Rental income	22.193.023,11	25.181.898,51
Operating expenses	9.605.561,70	9.942.170,54

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 value. 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 return rate 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 2016	324.069.211,15	498.153.144,22	822.222.355,37
Fair value as at 31 December 2017	322.041.405,95	612.415.368,64	934.456.774,59

Note 7 – Interests in subsidiaries

7.1 Interests in subsidiaries

	2017	2016
Carrying value at 1 January	**163.540.411,42**	**175.370.957,95**
Acquisitions	53.099,57	
Merger with SNCB	-62.000,00	-11.035.489,65
Impairment		-795.056,88
Reversal of impairment losses	795.056,88	
Transfer to another balance sheet item (note 15.1)	-5.701.551,55	
Carrying value at 31 December	**158.625.016,32**	**163.540.411,42**

On 21 March 2017, an agreement was signed between Transurb, Infrabel and SNCB providing for the sale by Transurb to Infrabel of the shares it holds in Tuc Rail and the repurchase by the Company of the Tuc Rail share in Eurostation. At the end of June 2017, the Company repurchased this share at a price of 53.099,57 EUR for resale at B-Parking on 13 February 2018.

On 30 June 2017, a sale agreement was signed between the Company and CMI for the acquisition by CMI of 82% of Transurb, a 92% subsidiary of the Company. The impairment loss of 795.056,88 EUR recognized at 31 December 2016 has been reversed. Subsequently, in accordance with IFRS 5, the 92% stake in Transurb was transferred to non-current assets held for sale at a book value of 5.701.551,55 EUR (see Note 15.1 Non-current assets held for sale).

On 1 October 2017, the Company completed the merger by absorption of SPV LLN. In the case of an absorption merger, the assets and liabilities of each of the companies are added up and the book value of the shares in the accounts of the acquiring company is replaced by the share that these shares represent in the shareholders' equity of the absorbed company. We refer you to Note 5. Property, plant and equipment.

The amount of -11.035.489,65 EUR in 2016 concerns Foncière Rue de France and South Station following their merger with the Company.

The subsidiaries are:

Name	Share of voting rights in % at 31 December		Location of headquarters	VAT number
	2017	2016		
Eurostation	100,00	99,97	Bruxelles	BE 0446 601 757
Eurogare	75,00	75,00	Liège	BE 0451 150 562
B-Parking	100,00	100,00	Bruxelles	BE 0899 348 834
YPTO	100,00	100,00	Bruxelles	BE 0821 220 410
Railtour	95,44	95,44	Bruxelles	BE 0402 698 765
SPV LLN	-	100,00	Bruxelles	BE 0826 478 107
Transurb*	92,00	92,00	Bruxelles	BE 0413 393 907

** Company transferred to non-current assets held for sale*

Note 8 – Interests in joint ventures and associates

8.1 Interests in joint ventures and associates

	Notes	31/12/2017	31/12/2016
Interests in joint ventures	8.2	13.237.730,80	5.749.195,80
Interests in associates	8.3	319.368.816,21	319.368.816,21
Net carrying value		332.606.547,01	325.118.012,01

8.2 Interests in joint ventures

	2017	2016
Carrying value as at 1 January	5.749.195,80	7.643.369,64
Acquisitions	7.488.535,00	282.900,00
Reversals of impairment losses		1.718.990,78
Transfer to non-current assets held for sale (note 15.1)		-3.896.064,62
Carrying value as at 31 December	13.237.730,80	5.749.195,80

On 17 February 2017, the Company acquired 50% of the shares held by Clear Channel Belgium in Publifer at a price of 7.488.535 EUR, becoming the sole shareholder of Publifer.

In 2016, the acquisitions concern the participation in Belgian Mobility Card. The transfer from 2016 to non-current assets held for sale concerns investments in ATO and Liège Container Terminal.

The joint-ventures are:

Name	Share of voting rights in % at 31 2017	Share of voting rights in % at 31 2016	Location of headquarters	VAT number
Publifer	100,00	50,00	Bruxelles	BE 0402 695 933
BeNe Rl	50,00	50,00	Bruxelles	BE 0479.863.354
Thalys Int	28,00	28,00	Bruxelles	BE 0455.370.557
Belgian Mob Card	25,00	25,00	Bruxelles	BE 0822.658.483

The share of the Company in the financial statement and total comprehensive income of the joint ventures is:

	31/12/2017				
	Publifer	BeNe Rl	Thalys Int.	Belgian Mob Card	Totaal
Share in statement of financial position of joint ventures					
Current assets	7.985.370,14	4.883.357,51	2.071.310,24	367.007,79	15.307.045,68
Non current assets	1.302.509,25	2.548.181,15	139.228,89	59.767,18	4.049.686,48
Current liabilities	-7.704.084,35	-3.248.366,14	-1.374.184,59		-12.326.635,08
Non current liabilities			-6.209,00	-66.363,19	-72.572,19
Net assets	1.583.795,04	4.183.172,53	830.145,54	360.411,78	6.957.524,88
					0,00
Share in statement of net result of joint ventures					0,00
Income	13.591.398,36	12.600.280,08	4.106.760,74	256.806,35	30.555.245,53
Expenses	-13.654.135,36	-12.617.089,05	-4.023.719,66	-216.325,12	-30.511.269,19
Net result	-62.737,00	-16.808,97	83.041,08	40.481,23	43.976,34

	31/12/2016				
	Publifer	BeNe Rl	Thalys Int.	Belgian Mob Card	Total
Share in statement of financial position of joint ventures					
Current assets	3.321.775,70	5.947.200,88	2.137.910,20	428.177,84	11.835.064,62
Non current assets	288.489,05	2.820.434,25	278.874,67	94.142,18	3.481.940,15
Current liabilities	-2.636.998,73	-4.567.653,63	-1.577.167,49	-92.305,83	-8.874.125,68
Non current liabilities			-92.512,92	0,00	-92.512,92
Net assets	973.266,02	4.199.981,50	747.104,46	430.014,19	6.350.366,17
					0,00
Share in statement of net result of joint ventures					0,00
Income	4.776.963,27	12.605.170,43	4.337.926,72	312.584,21	22.032.644,63
Expenses	-4.428.482,47	-12.498.791,07	-4.248.162,00	-301.696,61	-21.477.132,15
Net result	348.480,80	106.379,36	89.764,72	10.887,60	555.512,48

8.3 Interests in associates

	2017	2016
Carrying value as at 1 January	319.368.816,21	320.842.601,87
Reversals of impairment losses		128.656,57
Transfer from/to non-current assets held for sale (note 15.1)		-1.602.442,23
Carrying value as at 31 December	319.368.816,21	319.368.816,21

The transfer to non-current assets held for the sale of 1.602.442,23 EUR in 2016 concerns the interest in Terminal Athus.

The associates are:

Name	Share of voting rights in %at 31 December 2017	2016	Location of headquarters	VAT number
Eurofima	9,80	9,80	Bâle	N.C.
Optimobil	24,01	24,01	Bruxelles	BE 0471 868 277
HR RAIL	49,00	49,00	Bruxelles	BE 0541.691.352
Railteam	10,00	10,00	Amsterdam	NL 818547182B01
THI Factory	40,00	40,00	Bruxelles	BE 0541.696.005
Lineas Group	31,12	31,12	Bruxelles	BE 0822.966.806

The Company holds 49% of the voting rights of HR Rail, but has an ownership interest of only 20%. Infrabel (20%) and the Belgian State (60%) hold the remaining shares of HR Rail.

The Company’s share in the financial statement and total comprehensive income of the associates is:

	31/12/2017						
	Eurofima	Lineas Group	Optimobil	HR Rail	Railteam	THI Factory	Total
Assets	1.669.930.063,73	142.456.252,96	200.063,76	258.449.852,06	22.112,90	293.989.554,66	2.365.047.900,07
Liabilities	-1.558.818.196,69	-77.679.296,75	-76.872,17	-246.806.210,08	-10.546,60	-52.328.766,83	-1.935.719.889,12
Income	52.529.363,06	168.727.418,03	404.511,29	976.553.143,13	0,00	201.367.005,39	1.399.581.440,90
Global result	1.174.477,24	9.782.366,57	36.328,94	413.864,39	0,00	14.403.081,41	25.810.118,55

	31/12/2016						
	Eurofima	Lineas Group	Optimobil	HR Rail	Railteam	THI Factory	Total
Assets	1.907.496.171,74	132.285.989,05	149.890,27	252.133.625,97	22.112,90	273.552.718,01	2.565.640.507,94
Liabilities	-1.801.631.590,39	-77.527.053,53	-63.027,62	-240.903.848,39	-10.546,60	-46.295.011,59	-2.166.431.078,12
Income	63.830.096,00	152.013.697,40	348.969,64	979.799.578,99	40.336,70	178.821.672,18	1.374.854.350,91
Global result	1.178.473,98	-3.833.039,23	13.820,37	-2.195.231,97	5.271,30	1.268.746,08	-3.561.959,47

Note 9 - Trade and other receivables

9.1 Trade and other receivables

	Notes	31/12/2017 Gross amount	31/12/2017 write downs	31/12/2017 Net amount	31/12/2016 Gross amount	31/12/2016 write downs	31/12/2016 Net amount
Non-current							
Trade receivables		0,00		0,00	0,00		0,00
Receivables on public authorities							
Other trade receivables							
Other trade receivables							
Other receivables		749.093.164,66	0,00	749.093.164,66	800.386.298,70	-1.291.065,97	799.095.232,73
Receivables on public authorities		648.156.525,62		648.156.525,62	683.091.170,54		683.091.170,54
Créances sur parties liées				0,00			0,00
Deferred charges				0,00			0,00
Accrued income				0,00			0,00
Finance lease receivables	9.3	100.353.579,50	0,00	100.353.579,50	106.360.628,46	-1.291.065,97	105.069.562,49
Other receivables within the Group		0,00		0,00	0,00		0,00
Amounts due from customers for construction contracts work	10	0,00		0,00	10.298.578,53		10.298.578,53
Other receivables		583.059,54		583.059,54	635.921,17		635.921,17
Total (non-current)		**749.093.164,66**	**0,00**	**749.093.164,66**	**800.386.298,70**	**-1.291.065,97**	**799.095.232,73**
Current							
Trade receivables		687.652.981,36	-7.409.310,04	680.243.671,32	554.247.487,19	-5.759.413,55	548.488.073,64
Trade receivables		124.809.592,03	-7.075.292,48	117.734.299,55	114.507.527,16	-5.707.780,84	108.799.746,32
Amounts due from customers for construction contracts	10	1.230.212,43		1.230.212,43	3.797.242,33		3.797.242,33
Receivables on public authorities		516.463.637,40		516.463.637,40	390.608.391,57		390.608.391,57
Other trade receivables within the Group				0,00			0,00
Other trade receivables in the Group		45.149.539,50	-334.017,56	44.815.521,94	45.334.326,13	-51.632,71	45.282.693,42
Other receivables		679.772.597,55	-513.979,73	679.258.617,82	875.317.789,86	-7.241.765,57	868.076.024,29
Receivables on public authorities		53.327.794,23		53.327.794,23	146.515.796,86		146.515.796,86
Deferred charges		126.425.189,25		126.425.189,25	116.317.844,51		116.317.844,51
Accrued income		22.402.918,47		22.402.918,47	28.056.750,96		28.056.750,96
Advances on inventories		2.210.256,23	-205.490,94	2.004.765,29	2.425.363,79	-167.282,10	2.258.081,69
Finance lease receivables	9.3	4.977.883,19		4.977.883,19	4.809.385,80		4.809.385,80
Other receivables within the Group		1.977.402,95	0,00	1.977.402,95	3.746.382,91	-166.777,64	3.579.605,27
Other receivables		468.451.153,23	-308.488,79	468.142.664,44	573.446.265,03	-6.907.705,83	566.538.559,20
Total (current)		**1.367.425.578,91**	**-7.923.289,77**	**1.359.502.289,14**	**1.429.565.277,05**	**-13.001.179,12**	**1.416.564.097,93**

Trade receivables and other receivables as at 31 December 2017 include claims on the public authorities for a total amount of 1.217.947.957,25 EUR:

- under the management contract: 500.773.899,94 EUR of receivables relating to operating grants and 13.203.000,00 EUR of receivables relating to investment grants;
- under special investment financing contracts for 701.233.942,03 EUR including RER equipment: 395.354.671,13 EUR; HLE 18: 110.991.288,66 EUR; Desiro: 90.917.656,66 EUR; Te Kort TGV: 50.680.077,57 EUR; Gare de Mons: 23.600.301,01 EUR and SPV LLN: 29.689.947,00 EUR;
- public interventions other than the State for 1.184.408,34 EUR;
- claim against the tax authorities for 1.552.706,94 EUR relating to the recovery plan.

They also include other current receivables in the amount of 309.239.368,00 EUR related to cash-guarantees paid following the Credit Support Annex (CSA) with financial institutions.

9.2 Trade and other receivables: write downs

The nominal value of trade and other receivables that is subject to impairment losses amounts to 7.923.289,77 EUR (14.292.245,09 EUR) as per 31 December 2017 (2016). Movements in the provision for impairment of trade and other receivables are as follows:

	2017	2016
Impairment on non-current trade and other receivables		
At 1 January	**1.291.065,97**	**0,00**
Charged to impairment		1.291.065,97
Reversal of impairment	-1.291.065,97	
At 31 December	**0,00**	**1.291.065,97**

	2017	2016
Impairment on current trade and other receivables		
At 1 January	13.001.179,12	15.075.462,25
Charged to impairment	3.023.346,11	18.240.437,16
Use of impairment on irrecoverable receivables that are reversed	-7.551.501,90	-16.938.647,51
Reversal of impairment	-549.733,56	-3.376.072,78
At 31 December	7.923.289,77	13.001.179,12

Information about the Company's exposure to credit risk and foreign currency risk relating to trade and other receivables, excluding construction contracts and deferred charges, is given in note 2.

9.3 Finance lease receivables

	Less than 1 year	Between one and five years	More than 5 years	Total
Net investments at 31/12/2017				
Future minimum payments	8.557.694,27	34.230.777,10	113.525.689,71	156.314.161,08
Unearned financial income	-3.579.811,08	-13.481.294,75	-33.921.592,56	-50.982.698,39
Total	4.977.883,19	20.749.482,35	79.604.097,15	105.331.462,69
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

The finance lease receivables amount to 105.331.462,69 EUR as per 31 December 2017 and relate to the lease agreement with Lineas Group, as well as the long-term (99 years) lease agreement with third parties for land and buildings.
The unguaranteed residual values returning to the Company under the finance lease contracts amount to 4.957.137,53 EUR (4.957.998,53 EUR) as at 31 December 2017 (2016).

Note 10 – Construction contracts

	Notes	31/12/2017	31/12/2016
Income from construction contracts (for the year)	25.11	13.170.707,76	34.446.242,24
Aggregate amount of costs incurred		94.764.836,93	87.422.720,32
Aggregate amount of recognised profits		649.337,63	932.455,44
Amount of advances received	21	20.339.882,84	9.326.052,12

The total of construction contracts vis-à-vis customers, whose total costs incurred plus profits and / or less recognized losses exceeds the intermediate billings, is included in the financial statements as an asset among current and not current trade receivables:

		Note	31/12/2017	31/12/2016
Aggregate amount of:	Costs incurred		93.362.287,62	82.981.819,90
	Recognised profits		-39.675,22	59.954,36
Aggregate amount of:	Intermediate invoicing		-92.092.399,97	-79.244.531,93
Transfer from the Trade and other payables			0,00	10.298.578,53
Gross amounts due from customers for construction contracts		9.1	**1.230.212,43**	**14.095.820,86**
	Non-current	9.1	0,00	10.298.578,53
	Current	9.1	1.230.212,43	3.797.242,33

The total of construction contracts vis-à-vis customers, whose intermediate billings exceed the total costs incurred plus profits and / or less recognized losses are included in the financial statements as liabilities among current trade and other payables:

		Note	31/12/2017	31/12/2016
Aggregate amount of:	Costs incurred		1.402.549,31	4.440.900,42
	Recognised profits		689.012,85	872.501,08
Aggregate amount of:	Intermediate invoicing		-2.960.875,85	-10.138.575,65
Gross amounts due to customers for construction contracts		21	869.313,69	4.825.174,15

The amount of advances received booked as liabilities among non-current trade and other payables breaks down as follows:

		Note	31/12/2017	31/12/2016
Advances received			119.650.000,00	82.300.000,00
Transfer to non current trade receivables		9.1	0,00	10.298.578,53
Capitalized interest			2.090.420,93	2.018.123,06
Aggregate amount of:	Costs incurred		-101.400.538,09	-85.290.649,47
Advances received from customers for construction contracts		21	20.339.882,84	9.326.052,12

Note 11 – Derivatives

11.1 Derivatives by category

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

- the nominal value: 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 expenses.

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

Derivatives	31/12/2017			
Assets	Nominal	Fair value adjustments	Accrued income	Total
Derivatives used for cash flow management	41.262.573,46	213.042.036,80	0,00	254.304.610,26
Interest rate swaps	43.584.201,02	195.303.723,68	0,00	238.887.924,70
Currency swaps	-2.321.627,56	17.593.120,91	0,00	15.271.493,35
Commodity swaps	0,00	145.192,21	0,00	145.192,21
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)	41.262.573,46	213.042.036,80	0,00	254.304.610,26
Derivatives used for cash flow management	0,00	234.206,17	26.423,33	260.629,50
Interest rate swaps	0,00	0,00	0,00	0,00
Currency swaps	0,00	0,00	-8.996,70	-8.996,70
Commodity swaps	0,00	234.206,17	35.420,03	269.626,20
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	234.206,17	26.423,33	260.629,50
Liabilities	Nominal	Fair value adjustments	Accrued expenses	Total
Derivatives used for cash flow management	-84.353.249,20	-311.889.468,34	84.349,47	-396.158.368,07
Interest rate swaps	-55.138.641,90	-303.728.303,78	-714.574,12	-359.581.519,80
Currency swaps	-29.214.607,30	-3.031.818,15	798.923,59	-31.447.501,86
Commodity swaps	0,00	-16.831,36	0,00	-16.831,36
Inflation swaps	0,00	-5.112.515,05	0,00	-5.112.515,05
Other derivatives	0,00	0,00	0,00	0,00
Other	0,00	0,00	0,00	0,00
Total (non-current)	-84.353.249,20	-311.889.468,34	84.349,47	-396.158.368,07
Derivatives used for cash flow management	83.408,53	-142.022,55	-10.367.115,64	-10.425.729,66
Interest rate swaps	0,00	0,00	-10.586.939,03	-10.586.939,03
Currency swaps	83.408,53	-141.999,11	661.227,37	602.636,79
Commodity swaps	0,00	-23,44	0,00	-23,44
Inflation swaps	0,00	0,00	-441.403,98	-441.403,98
Other derivatives	0,00	0,00	0,00	0,00
Other	0,00	0,00	0,00	0,00
Total (current)	83.408,53	-142.022,55	-10.367.115,64	-10.425.729,66

Derivatives		31/12/2016		
Assets	Nominal	Fair value adjustments	Accrued income	Total
Derivatives used for cash flow management	-524.022,71	299.868.664,89	0,00	299.344.642,18
Interest rate swaps	-7.862.989,83	273.152.825,75	0,00	265.289.835,92
Currency swaps	7.338.967,12	26.715.839,14	0,00	34.054.806,26
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	299.868.664,89	0,00	299.344.642,18
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 swaps	-4.926.973,53	-403.170.820,83	-679.048,89	-408.776.843,25
Currency swaps	-33.244.781,78	-4.657.036,79	941.881,19	-36.959.937,38
Commodity swaps	0,00	0,00	0,00	0,00
Inflation swaps	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 swaps	0,00	-1.200.229,70	-11.898.841,45	-13.099.071,15
Currency swaps	0,00	0,00	992.777,10	992.777,10
Commodity swaps	0,00	-0,32	-4.446,80	-4.447,12
Inflation swaps	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

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 110.582.179,48 EUR as at 31 December 2017 (2016: 86.910.077,36 EUR).

More information on the Company's exposure to financial risks can be found in note 2.

11.2 Movements in derivatives

Changes in derivatives									
	31.12.2016	Net payments of nominal amounts	Net interest payments	Net other payments	Net interest expense	Other net expenses	Exchange impact	Adjustments to fair value	31.12.2017
Interest rate swaps	**-156.586.078,48**	1.235.522,48	33.422.288,37		-32.145.911,18		0,00	22.793.644,68	**-131.280.534,13**
Currency swaps	**-1.912.354,02**	452.423,02	-1.012.910,73		529.406,70		-5.999.434,69	-7.639.498,70	**-15.582.368,42**
Commodity swaps	**191.972,46**	0,00		-42.891,98		69.549,81	0,00	179.333,32	**397.963,61**
Inflation swaps	**-8.251.194,69**	0,00		774.359,85		-752.741,51	0,00	2.675.657,32	**-5.553.919,03**
Total	**-166.557.654,73**	**1.687.945,50**	**32.409.377,64**	**731.467,87**	**-31.616.504,48**	**-683.191,70**	**-5.999.434,69**	**18.009.136,62**	**-152.018.857,97**

Coupons paid and / or received for commodity and inflation swaps are not considered as interests.

Note 12 – Other financial assets

12.1 General information

Other financial assets within the Company may be divided into receivables (receivables towards subsidiaries, fixed income securities issued by financial institutions and public authorities and deposits held in banks), back-to-back receivables from the State following the recovery of the debt on 1 January 2005 and the financial assets "available for sale". The details of the different categories, separated into short and long term as well as a description of the different risks, are given in note 2.

12.2 Other financial assets: available-for-sale financial assets

The table below presents the changes in available-for-sale financial assets for the years 2017 and 2016:

	Note	2017	2016
Balance at 1 January		**51.271.902,18**	**51.266.028,69**
Acquisitions		0,00	5.873,49
Disposals		-1.126,04	0,00
Interest income		0,00	0,00
Interest received		0,00	0,00
Transfer to non current assets held for sale	15.1	619.733,86	0,00
Au 31 décembre		**51.890.510,00**	**51.271.902,18**
Non-current		51.890.510,00	51.271.902,18
Current		0,00	0,00

In the context of the restructuring of the Eurostation Group on 1 January 2016, the Company has repurchased one share of the companies De Leewe II and Sobru. In 2017, the Company sold the shares it held in Sobru to Eurostation (1.126,04 EUR).

In 2017, SNCB sold 82% of Transurb to CMI and retained 10%, recorded as a financial asset (AFS) for an amount of 619.733,86 EUR corresponding to its acquisition cost.

12.3 Financial assets pledged

The table below shows which parts of recognized receivables have been pledged as collateral for alternative financing transactions:

	31/12/2017	31/12/2016
Non-current		
Pledged as colllateral	186.479.512,00	170.405.756,85
Not pledged	172.876.337,87	212.578.105,47
Total non-current	**359.355.849,87**	**382.983.862,32**
Current		
Pledged as colllateral	9.447.352,99	0,00
Not pledged	290.119,12	32.025.879,83
Total current	**9.737.472,11**	**32.025.879,83**
Total receivables	**369.093.321,98**	**415.009.742,15**

We refer you to note 2.1. for the details of receivables recognized within Other financial assets.

Note 13 – Inventories

	31/12/2017	31/12/2016
Parts related to the rolling stock	200.169.391,91	199.406.236,81
Materials	9.051.244,07	9.770.615,35
Work in progress	1.989.114,08	2.112.955,30
Finished goods	136.872,32	92.235,52
Carrying value	**211.346.622,38**	**211.382.042,98**
Of which:		
Carrying value expected to be recovered within 12 months	81.049.698,53	79.387.302,47
Carrying value expected to be recovered in more than 12 months	130.296.923,85	131.994.740,51

The write-downs of inventories in 2017 (2016) amount to 11.417.062,38 EUR (12.817.887,05 EUR) and were recognised in net income.

For parts relating to rolling stock, the write-downs recorded are based on the depreciation rate of the rolling stock to which they relate. A write-down of consumables is only recognized if the inventory turnover does not occur for at least one year. The percentage of reduction in value applied is determined based on the known rate of inventory turnover.

Note 14 – Cash and cash equivalents

	Note	31/12/2017	31/12/2016
Cash and cash equivalents			
Short term deposits and commercial paper		180.743.318,75	224.801.992,44
Cash at bank		204.616.883,66	79.871.444,81
Cash in hand		2.511.681,62	2.407.696,45
Total		**387.871.884,03**	**307.081.133,70**
Cash and cash equivalents as in the statement of cash flows			
Bank overdrafts	20.1	0,00	0,00
		387.871.884,03	**307.081.133,70**

The balance of cash and cash equivalents not available to the Company is 180.743.286,70 EUR (224.061.719,64 EUR (293.609.227,50 EUR) as of 31 December 2017 (2016).

The exposure of the Company to financial risks is presented in note 2.2.

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 at 31 December 2017 and 31 December 2016 are:

	31/12/2017	31/12/2016
Non-current assets held for sale		
Property, plant and equipment	62.017.257,40	65.779.886,09
Investment properties	4.080.601,18	4.320.715,51
Accumulated impairment losses in intangible assets, property, plant and equipment and investment property	-39.955.322,06	-38.262.606,70
Interest in joint ventures and associates	1.602.442,23	4.949.020,84
Total	27.744.978,75	36.787.015,74

In 2017, transfers to non-current assets held for sale mainly relate to investment properties (2.465.300,58 EUR) and buildings (491.117,83 EUR) which were transferred in this heading following the decision to sell them. Furthermore, in 2017, rolling stock was sold for a book value of 2.190.279,46 EUR and land and buildings for a book value of 2.794.364,51 EUR.

Movements of interests in joint ventures and associates held for sale are as follows:

	Note	31/12/2017	31/12/2016
Carrying value at 1 January		4.949.020,84	0,00
Transfer from subsidiaries		5.701.551,55	
Transfer to Other financial assets		-619.733,86	
Transfer from joint ventures	8.2		3.896.064,62
Transfer fom associates	8.3		1.602.442,23
Disposal ATO		-3.346.578,61	
Disposal Transurb 82%		-5.081.817,69	
Disposal Liège Container Terminal			-549.486,01
Carrying value 31 December		1.602.442,23	4.949.020,84

On 30 June 2017, a sale agreement was signed between SNCB and CMI for the acquisition by CMI of 82% of Transurb. In accordance with IFRS 5, the entire interest in Transurb (92%) has been transferred to non-current assets held for sale. As soon as it was transferred on 20 July 2017, the sale of 82% to CMI (5.081.817,69 EUR) was completed and the Company received a provisional amount of 7.765.817,73 EUR. Due to the guarantees granted and to the prices adjustments foreseen, no capital gain has been recognized in the income statement. An amount of 2.684.000,04 EUR is recorded under Other amounts payable (see Note 24. Other amounts payable). The Company retains a 10% interest in Transurb (619.733,86 EUR) recorded under Other financial assets (see Note 12. Other financial assets).

On 24 August 2017, the Company sold its 50% interest in ATO to Van Moer Logistics for an amount of 4.200.000 EUR. This transaction generated a gain of 853.421,39 EUR.

At 31 December 2016, following the Company's decision to sell the control of its interest in Terminal Athus and in accordance with IFRS 5, this interest was transferred in 2016 to non-current assets held for sale for 1.602.442,23 EUR (after booking of a reversal of impairment losses). This value is lower than its market value. As at 31 December 2017, the Company's intention is still to sell this interest, negotiations are ongoing.

Name	Share of voting rights in % at 31 December		Location of headquarters	VAT number
	2017	2016		
Terminal Athus	25,42	25,42	Athus	BE 0419.149.074

	31/12/2017
	Terminal Athus
Assets	3.607.403,96
Liabilities	-1.011.903,89
Income	4.937.218,72
Global result	330.004,13

	31/12/2016
	Terminal Athus
Assets	2.924.486,17
Liabilities	-992.289,10
Income	4.845.828,87
Global result	430.167,74

15.2 Gains and losses relating to intangible assets, property, plant and equipment and investment property held for sale

	2017	2016
Charged to impairment losses	3.063.286,87	10.261.421,46
Losses on disposals	-1.351.504,06	-1.009.837,90
Gains on disposals	7.999.586,17	18.326.511,24

Profits and losses of the period are recognised in the statement of comprehensive income under the sections “Other operating income” and “Other operating expenses”. They include the gain generated by the sale of ATO. But also the gains and losses generated from sales of rolling stock and mainly from sales of land and buildings that generated capital gains for 6.624.208,44 EUR.

Note 16 – Capital

The evolution of capital is as follows:

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

The share capital of the Company is composed of:

- 333.754.509 ordinary shares with a par value of 2,47893525 EUR each, allocated to the Belgian State;
- 719.856.742 ordinary shares with a par value of 3,09866906 EUR each, allocated to the Belgian State;
- 20.000.000 dividend-right shares of which 16.615.153 are held by the Belgian State and 3.384.847 are held by private shareholders.

Every share issued by the Company gives right to one vote at the General meeting, except for the dividend-right shares for which one voting right is represented by 10 shares.

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

Note 17 - Employee benefits

17.1 Summary of employee benefits obligations

The table below outlines the amounts recognised as employee benefit obligations in the financial statements:

Liability in the statement of financial position	31/12/2017	31/12/2016
Post-employment benefits	299.435.527,38	301.130.590,27
Other long-term benefits	88.682.316,69	92.118.625,55
Termination benefits	19.683.913,58	23.162.289,72
Short-term benefits (holidays only)	41.674.885,51	34.926.198,09
Total liability in the statement of financial position	449.476.643,16	451.337.703,63
- current	123.444.735,57	121.202.901,19
- non-current	326.031.907,59	330.134.802,44

17.2 Description of the employee benefits

17.2.1 Post-employment benefits

The Company 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 Company. The contribution due by the Belgian Railways is expressed in 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 and to contractual employees in activity.

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 unique system 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, the Belgian Railways agreed with the recognised trade union organizations to 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 duable 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 limited number of employees.

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.

17.2.2 Other long-term employee benefits

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

1. *Seniority bonuses*

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.

17.2.3 Termination benefits

The following termination benefits are granted to the employees:

1. *Partial career break*

Statutory employees can benefit from part-time early retirement schemes. These schemes 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 considered as termination benefits.

2. *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.

17.3 Liabilities relating to employee benefits (excluding short term)

The table below outlines the amounts recognised as employee benefit obligations (excluding short-term benefits) in the financial statement:

	31/12/2017				31/12/2016			
	Post employment benefits	Other long term benefits	Termination benefits	Total	Post employment benefits	Other long term benefits	Termination benefits	Total
Amount recognised in the statement of financial position								
Defined benefit obligation end of period	299.435.527,38	88.682.316,69	19.683.913,58	407.801.757,65	301.130.590,27	92.118.625,55	23.162.289,72	416.411.505,54
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	**299.435.527,38**	**88.682.316,69**	**19.683.913,58**	**407.801.757,65**	**301.130.590,27**	**92.118.625,55**	**23.162.289,72**	**416.411.505,54**
Of which : Net liability recognised	*299.435.527,38*	*88.682.316,69*	*19.683.913,58*	*407.801.757,65*	*301.130.590,27*	*92.118.625,55*	*23.162.289,72*	*416.411.505,54*
Of which : Net asset recognised	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Of which : Unfunded plans	*299.435.527,38*	*88.682.316,69*	*19.683.913,58*	*407.801.757,65*	*301.130.590,27*	*92.118.625,55*	*23.162.289,72*	*416.411.505,54*
Of which : Integrally or partially funded plans	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*

The total cost recognised for employee benefits (excluding short-term benefits) in the income statement can be detailed as follows:

		31/12/2017				31/12/2016			
	Notes	Post employment benefits	Other long term benefits	Termination benefits	Total	Post employment benefits	Other long term benefits	Termination benefits	Total
Defined benefit cost									
Current service cost		8.856.290,46	46.083.775,24	79.215,86	55.019.281,56	10.146.998,85	45.623.051,86	15.620,85	55.785.671,56
Net interest (*)		5.123.107,68	281.717,76	142.499,04	5.547.324,48	6.177.717,48	390.621,36	299.733,72	6.868.072,56
Actuarial gains/losses (other long term benefits and termination benefits)		-	-245.048,09	-1.408.125,48	-1.653.173,57	-	882.671,52	-1.042.407,57	-159.736,05
Transfers		329.983,26	-252.844,07	-68.977,45	8.161,74	-1.556.650,20	-2.066.612,44	-161.557,57	-3.784.820,21
Past service cost		0,00	302.305,04	0,00	302.305,04	0,00	0,00	0,00	0,00
Total Defined benefit cost		**14.309.381,40**	**46.169.905,88**	**-1.255.388,03**	**59.223.899,25**	**14.768.066,13**	**44.829.732,30**	**-888.610,57**	**58.709.187,86**
included in									
payroll and related benefits	26	***9.186.273,72***	***45.888.188,12***	***-1.397.887,07***	**53.676.574,77**	***8.590.348,65***	***44.439.110,94***	***-1.188.344,29***	**51.841.115,30**
finance costs	27	***5.123.107,68***	***281.717,76***	***142.499,04***	**5.547.324,48**	***6.177.717,48***	***390.621,36***	***299.733,72***	**6.868.072,56**
Included in statement of other comprehensive income		**-4.346.032,77**	-	-	**-4.346.032,77**	**25.174.662,86**	-	-	**25.174.662,86**

(*) 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 amount of premiums paid by the Company in 2017 relating to defined contribution plans amounts to 443.736,48 EUR.

The change in defined benefit obligation during the reporting period can be summarized as follows:

Change in defined benefit obligation:

	31/12/2017				31/12/2016			
	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	301.130.590,27	92.118.625,55	23.162.289,72	416.411.505,54	272.634.506,70	101.791.380,79	26.880.236,57	401.306.124,06
Current service cost	8.856.290,46	46.083.775,24	79.215,86	55.019.281,56	10.146.998,85	45.623.051,86	15.620,85	55.785.671,56
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	302.305,04	0,00	302.305,04	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	5.123.107,68	281.717,76	142.499,04	5.547.324,48	6.177.717,48	390.621,36	299.733,72	6.868.072,56
Actuarial (gains) / losses	-4.346.032,77	-245.048,09	-1.408.125,48	-5.999.206,34	25.174.662,86	882.671,52	-1.042.407,57	25.014.926,81
Benefits paid	-11.658.411,52	-49.606.214,74	-2.222.988,11	-63.487.614,37	-11.446.645,42	-54.502.487,54	-2.829.336,28	-68.778.469,24
Transfers	329.983,26	-252.844,07	-68.977,45	8.161,74	-1.556.650,20	-2.066.612,44	-161.557,57	-3.784.820,21
Present value of the obligation at the end of the period	299.435.527,38	88.682.316,69	19.683.913,58	407.801.757,65	301.130.590,27	92.118.625,55	23.162.289,72	416.411.505,54

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

	31/12/2017				31/12/2016			
	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 31 December								
Liability relative to active members	86.367.113,05	88.682.316,69	19.683.913,58	194.733.343,32	93.593.092,77	92.118.625,55	23.162.289,72	208.874.008,04
Liability relative to pensioners and non-active members (beneficiaries, ...)	213.068.414,33	0,00	0,00	213.068.414,33	207.537.497,50	0,00	0,00	207.537.497,50
Total Defined benefit obligation as at 31 December	299.435.527,38	88.682.316,69	19.683.913,58	407.801.757,65	301.130.590,27	92.118.625,55	23.162.289,72	416.411.505,54

The reconciliation with the financial statement is as follows:

	31/12/2017				31/12/2016			
	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	301.130.590,27	92.118.625,55	23.162.289,72	416.411.505,54	272.634.506,70	101.791.380,79	26.880.236,57	401.306.124,06
Fair value of plan assets as at 1 january				0,00	0,00	0,00	0,00	0,00
Total	301.130.590,27	92.118.625,55	23.162.289,72	416.411.505,54	272.634.506,70	101.791.380,79	26.880.236,57	401.306.124,06
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	301.130.590,27	92.118.625,55	23.162.289,72	416.411.505,54	272.634.506,70	101.791.380,79	26.880.236,57	401.306.124,06
Total expense recognised in the profit or loss	14.309.381,40	46.169.905,88	-1.255.388,03	59.223.899,25	14.768.066,13	44.829.732,30	-888.610,57	58.709.187,86
Actuarial (gains) / losses in other comprehensive income	-4.346.032,77	-	-	-4.346.032,77	25.174.662,86	-	-	25.174.662,86
Employer contributions / benefits paid directly by employer	-11.658.411,52	-49.606.214,74	-2.222.988,11	-63.487.614,37	-11.446.645,42	-54.502.487,54	-2.829.336,28	-68.778.469,24
At the end of the period	299.435.527,38	88.682.316,69	19.683.913,58	407.801.757,65	301.130.590,27	92.118.625,55	23.162.289,72	416.411.505,54
Cumulative actuarial gains / losses in other comprehensive income	0,00	-	-	0,00	0,00	-	-	0,00

For 2018, the Company expects that the contributions and benefits paid directly will equal to 11,5 Million EUR for the post-employment benefits, 47,5 Million EUR for the other long-term employee benefits (including credit days) and 2,0 Million EUR for termination benefits.

17.4 Split of actuarial gains and losses

The actuarial gains and losses may be split as follows:

	31/12/2017				31/12/2016			
	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	-1.421.153,12	23.681,47	-78.367,63	-1.475.839,28	25.507.508,03	1.278.943,01	1.011.364,93	27.797.815,97
(Gain) / loss due to changes in demographic assumptions	-719.939,37	0,00	0,00	-719.939,37	-397.449,90	5.342,99	0,00	-392.106,91
Experience (gain) / loss	-2.204.940,28	-268.729,56	-1.329.757,85	-3.803.427,69	64.604,73	-401.614,48	-2.053.772,50	-2.390.782,25
Total actuarial (gains) / losses	-4.346.032,77	-245.048,09	-1.408.125,48	-5.999.206,34	25.174.662,86	882.671,52	-1.042.407,57	25.014.926,81

17.5 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:

	31/12/2017	31/12/2016
Discount rate		
Post-employment benefits	1,74%	1,71%
Other long-term benefits	0% - 1,24%	0% - 1,25%
Termination benefits	0% - 0,71%	0% - 0,66%
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 December 31, 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 Company.

Weighted average duration

	31/12/2017	31/12/2016
Post-employment benefits	16,06	15,84
Other long-term benefits (*)	10,96	10,67
Termination benefits	8,00	7,80
Weighted average duration	**15,26**	**14,99**

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

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

	Active employees (life expectancy at retirement)	Non-active members
Men	20,5	15,4
Women	23,6	10,3

Sensitivity analysis

	Impact on liability as at 31/12/2017	
	Increase	Decrease
Discount rate (0,5% change)		
Post-employment benefits	-22.660.699,44	24.650.829,83
Other long-term benefits	-1.150.396,92	1.220.662,54
Termination benefits	-764.677,37	799.745,52
Medical cost increase (1% change)	10.197.824,72	-8.018.932,72
Mortality (change of life expectancy with 1 year)	19.514.562,44	-

Note 18 – Provisions

Movements in the provisions over the years 2016 and 2017 can be summarised as follows:

	Legal claims	Environmental provisions	Freight sector	Other provisions	Total
As at 1 January 2016	40.337.351,69	128.801.272,63	36.423.581,06	1.287.253,46	206.849.458,84
Merger with South Station/Activity Concessions	1.624.417,00				1.624.417,00
Included in statement of comprehensive income	75.000.439,05	-4.748.782,48	-10.689.386,80	520.265,90	60.082.535,67
Increase of the year	86.009.342,65	2.408.482,12		1.086.470,05	89.504.294,82
Utilization of the year	-7.172.571,77	-1.084.408,12	-10.837.857,51	-340.231,95	-19.435.069,35
Decrease fo the year (unused)	-4.155.519,24	-5.132.230,91		-225.972,20	-9.513.722,35
Change in discount rate	76.261,89	-1.255.901,90	53.481,98		-1.126.158,03
Unwinding of discount (note 27.2)	242.925,52	315.276,33	94.988,73		653.190,58
As at 31 December 2016	116.962.207,74	124.052.490,15	25.734.194,26	1.807.519,36	268.556.411,51
Of which					
Non-current	82.964.375,45	82.960.513,79	16.365.102,95	1.320.000,00	183.609.992,19
Current	33.997.832,29	41.091.976,36	9.369.091,31	487.519,36	84.946.419,32

	Legal claims	Environmental provisions	Freight sector	Other provisions	Total
As at 1 January 2017	116.962.207,74	124.052.490,15	25.734.194,26	1.807.519,36	268.556.411,51
Included in statement of comprehensive income	-5.996.943,57	-5.708.855,91	-10.775.101,86	163.982,76	-22.316.918,58
Increase of the year	6.925.913,66	4.856.941,79		741.828,70	12.524.684,15
Utilization of the year	-4.526.242,61	-1.483.897,39	-10.775.101,86	-312.421,57	-17.097.663,43
Decrease fo the year (unused)	-8.449.012,55	-6.579.518,22		-265.424,37	-15.293.955,14
Change in discount rate	-32.740,75	-2.620.520,81			-2.653.261,56
Unwinding of discount (note 27.2)	85.138,68	118.138,72			203.277,40
As at 31 December 2017	110.965.264,17	118.343.634,24	14.959.092,40	1.971.502,12	246.239.492,93
Of which					
Non-current	82.370.036,10	66.381.930,55	6.120.609,40	1.223.945,72	156.096.521,77
Current	28.595.228,07	51.961.703,69	8.838.483,00	747.556,40	90.142.971,16

The legal claim provision is adjusted at the closing date on the basis of a reestimate by Legal Affairs of the risks incurred in the context of ongoing litigation and the discounted value of expected future cash flows using the IRS curve. It amounts to 110.965.264,17 EUR as of 31 December 2017. In accordance with IAS 37, no details relating to these claims are given in view of the need to preserve the Company's own interests.

The environmental provision amounts to 118.343.634, 24 EUR as of 31 December 2017. It was constituted to cover long term land depollution costs based on the estimated costs of the technical services and their timing and the yield curve.

The Belgian state has, within the framework of the rescue plan of the Cargo activity of the Company, 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:

1. 30 Million EUR of increase of capital of the Company, the increase was done in January 2011 (7,5 Million EURs on 26/01/2011 and 22,5 Million EUR on 30/01/2011) ;
2. 30 Million EUR in order to align the wages of the statutory employee detached to Lineas Group to market conditions (Korting) ;
3. 85 Million EUR in order to align the cost of the services « Station » and « Driving » to market conditions (Delta Factor Cost).

As of 31 December 2017, the Freight provision has been maintained at the amount approved by the U.E. a balance of 14.959.092,40 EUR as of 31 December 2017.

Note 19 – Financial liabilities

19.1 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		31/12/2017				
		IFRS 7				TOTAL
		Net debt			Other	
		Nominal	Fair value adjustments	Accrued expenses	Other	
Non-current financial liabilities	Notes					
Bank borrowings		1.761.948.202,37	0,00	3.093.125,82	0,00	1.765.041.328,19
Bonds		638.709.981,86	0,00	4.385.898,99	0,00	643.095.880,85
Finance lease liabilities	19.2	11.832.176,11	0,00	0,00	0,00	11.832.176,11
Other financial liabilities		357.058.540,41	37.688.412,40	7.084.265,99	0,00	401.831.218,80
Total		**2.769.548.900,75**	**37.688.412,40**	**14.563.290,80**	**0,00**	**2.821.800.603,95**
Current financial liabilities						
Bank overdrafts	14	0,00	0,00	0,00	0,00	0,00
Bank borrowings		121.001.230,64	0,00	3.388.605,33	0,00	124.389.835,97
Bonds		0,00	0,00	8.178.662,09	0,00	8.178.662,09
Finance lease liabilities	19.2	535.863,04	0,00	59.479,21	0,00	595.342,25
Commercial paper		350.057.888,33	0,00	0,00	0,00	350.057.888,33
Other financial liabilities		187.082.094,99	0,00	1.042.374,56	0,00	188.124.469,55
Total		**658.677.077,00**	**0,00**	**12.669.121,19**	**0,00**	**671.346.198,19**
Total financial liabilities		**3.428.225.977,75**	**37.688.412,40**	**27.232.411,99**	**0,00**	**3.493.146.802,14**

Financial liabilities		31/12/2016				
		IFRS 7				TOTAL
		Net debt			Other	
		Nominal	Fair value adjustments	Accrued expenses	Other	
Non-current financial liabilities	Notes					
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	19.2	12.368.039,15	0,00	0,00	0,00	12.368.039,15
Other financial liabilities		343.056.608,54	50.353.497,93	6.100.192,84	0,00	399.510.299,31
Total		**2.819.549.185,92**	**50.353.497,93**	**13.595.781,48**	**0,00**	**2.883.498.465,33**
Current financial liabilities						
Bank overdrafts	14	0,00	0,00	0,00	0,00	0,00
Bank borrowings		147.033.789,93	0,00	3.413.412,79	0,00	150.447.202,72
Bonds		0,00	0,00	8.197.301,09	0,00	8.197.301,09
Finance lease liabilities	19.2	442.786,65	0,00	59.614,46	0,00	502.401,11
Commercial paper		445.071.113,62	0,00	0,00	0,00	445.071.113,62
Other financial liabilities		217.883.844,48	0,00	2.286.168,19	0,00	220.170.012,67
Total		**810.431.534,68**	**0,00**	**13.956.496,53**	**0,00**	**824.388.031,21**
Total financial liabilities		**3.629.980.720,60**	**50.353.497,93**	**27.552.278,01**	**0,00**	**3.707.886.496,54**

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

Changes in financial liabilities	31.12.2016	New transactions	Payments	Interest expense	Other revenues	Exchange impact	Adjustments to fair value	Other	31.12.2017
Bank overdrafts	**0,00**	0,00	-37.348,67	37.348,67	0,00	0,00	0,00	0,00	**0,00**
Bank borrowings	**1.984.522.254,58**	5.999.042,49	-116.249.788,41	24.262.060,12	0,00	-9.102.404,62	0,00	0,00	**1.889.431.164,16**
Bonds	**645.742.376,10**	5.338.238,77	-18.224.918,99	18.418.847,06	0,00	0,00	0,00	0,00	**651.274.542,94**
Finance lease liabilities	**12.870.440,26**	0,00	-1.744.153,36	1.301.231,46	0,00	0,00	0,00	0,00	**12.427.518,36**
Commercial paper	**445.071.113,62**	350.000.000,00	-444.435.220,50	0,00	-578.004,79	0,00	0,00	0,00	**350.057.888,33**
Other financial liabilities	**619.680.311,98**	88.209.569,24	-97.610.268,17	19.799.703,03	0,00	-28.061.590,69	-12.665.085,53	603.048,49	**589.955.688,35**
Total	**3.707.886.496,54**	**449.546.850,50**	**-678.301.698,10**	**63.819.190,34**	**-578.004,79**	**-37.163.995,31**	**-12.665.085,53**	**603.048,49**	**3.493.146.802,14**

The Company did not enter into any new financing in 2017. The balance of new operations, excluding issues on the commercial paper program and interest capitalization, relates to:

- the recognition in the financial liabilities heading of a debt that has not been recognized so far in accordance with the requirements of SIC27. Following an external event it was decided to recognize the payment obligations and related investment accounts;
- a contractually planned refinancing with Eurofima for a total amount of 55.3 million EUR for which the existing floating rate financing was replaced by a new 10-year floating rate financing;
- transactions with subsidiaries in the context of "cash pooling". In accordance with the decision of the Board of Directors concerning the "cash pooling" in 2015, the cash surpluses of the subsidiaries are no longer held outside the group or in the form of an advance with the Company but in the form of a current account with the Company.

The total payments can be subdivided into repayments of the nominal amount of the existing debt (614.124.372,55 EUR) and the payment of interests (64.177.325,35 EUR). The balance of repayments (nominal) excluding reimbursement of commercial paper, concerns:

- repayments on contractual due dates;
- repayment of advances from subsidiaries (see remarks above).

The fair value of financial liabilities is included in note 30.

<u>Characteristics of the financial liabilities</u>

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

Characteristics of the financial liabilities	31/12/2017				
	Currency	Coupon	Final maturity	Nominal (Currency)	Carrying amount (EUR)
Bank overdrafts	EUR	N/A	< 1 year	0,00	0,00
	Total EUR			*0,00*	*0,00*
Total bank overdrafts					**0,00**
Bank borrowings	EUR	Floating	< 1 year	114.350.000,00	114.345.889,75
			1 - 2 years	63.000.000,00	163.029.832,11
			2 - 5 years	100.000.000,00	100.035.927,78
			> 5 years	457.129.902,25	462.120.306,03
		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%	2 - 5 years	400.000.000,00	392.182.631,48
			> 5 year	15.000.000,00	15.123.073,81
	Total EUR			*1.721.131.202,25*	*1.819.870.225,86*
	USD	4% - 6%	> 5 years	*36.576.254,50*	*32.273.947,70*
		6% - 8%	> 5 years	43.373.580,68	37.286.990,60
Total bank borrowings	*Total USD*			*79.949.835,18*	*69.560.938,30*
					1.889.431.164,16
Bonds	EUR	Floating	> 5 years	109.000.000,00	109.053.470,89
		Zero Coupon	> 5 years	213.000.000,00	106.990.500,66
		0% - 2%	> 5 years	190.000.000,00	189.571.850,51
		2% - 4%	2 - 5 years	25.000.000,00	25.736.050,58
			> 5 years	100.000.000,00	102.222.777,14
		4% - 6%	1 - 2 years	40.000.000,00	41.074.598,96
			2 - 5 years	20.000.000,00	20.575.929,81
			> 5 years	55.000.000,00	56.049.364,39
	Total EUR			*752.000.000,00*	*651.274.542,94*
Total bonds					**651.274.542,94**
Finance lease liabilities	EUR	2% - 4%	> 5 years	7.363.474,97	7.422.954,18
		> 10%	> 5 years	5.004.564,18	5.004.564,18
	Total EUR			*12.368.039,15*	*12.427.518,36*
Total finance lease liabilities					**12.427.518,36**
Commercial paper	EUR	Floating	< 1 year	350.000.000,00	350.057.888,33
	Total EUR			*350.000.000,00*	*350.057.888,33*
Total commercial paper					**350.057.888,33**
Other financial liabilities	EUR	Floating	< 1 year	183.061.851,06	183.061.851,06
		4% - 6%	2 - 5 years	186.930.294,00	187.121.245,33
	Total EUR			*369.992.145,06*	*370.183.096,39*
	USD	4% - 6%	2 - 5 years	51.720.512,81	55.649.864,82
			> 5 years	45.704.015,13	45.138.049,70
		6% - 8%	> 5 years	111.449.171,40	118.984.677,44
	Total USD			*208.873.699,34*	*219.772.591,96*
Total other financial liabilities					**589.955.688,35**
Total financial liabilities					**3.493.146.802,14**

Characteristics of the financial liabilities 31/12/2016	Currency	Coupon	Final maturity	Nominal (Currency)	Carrying amount (EUR)
Bank overdrafts	EUR	N/A	< 1 year	0,00	0,00
	Total EUR			*0,00*	*0,00*
Total bank overdrafts					**0,00**
Bank borrowings	EUR	Floating	< 1 year	140.519.000,00	140.440.739,30
			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
	Total EUR			*1.817.864.992,18*	*1.909.857.000,32*
	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
	Total USD			*75.382.837,32*	*74.665.254,26*
Total bank borrowings					**1.984.522.254,58**
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
	Total EUR			*752.000.000,00*	*645.742.376,10*
Total bonds					**645.742.376,10**
Finance lease liabilities	EUR	2% - 4%	> 5 years	7.380.218,64	7.439.833,10
		> 10%	> 5 years	5.430.607,16	5.430.607,16
	Total EUR			*12.810.825,80*	*12.870.440,26*
Total finance lease liabilities					**12.870.440,26**
Commercial paper	EUR	Floating	< 1 year	445.000.000,00	445.071.113,62
	Total EUR			*445.000.000,00*	*445.071.113,62*
Total commercial paper					**445.071.113,62**
Other financial liabilities	EUR	Floating	< 1 year	187.879.244,69	187.879.244,69
		4% - 6%	2 - 5 years	105.475.414,00	105.606.609,09
			> 5 years	72.422.109,06	72.472.231,11
	Total EUR			*365.776.767,75*	*365.958.084,89*
	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
	Total USD			*205.702.524,26*	*253.722.227,09*
Total other financial liabilities					**619.680.311,98**
Total financial liabilities					**3.707.886.496,54**

19.2 Financial liabilities related to finance leases

Maturities of the finance lease liabilities are as follows:

	Less than one year	Between one and five years	More than five years	Total
Present value of future minimum lease payments - 31/12/2017				
Future minimum lease payments	1.744.153,36	6.976.613,44	21.261.865,02	29.982.631,82
Interest / future finance charges on contracts	-1.148.811,11	-3.428.759,94	-12.977.542,41	-17.555.113,46
Total	595.342,25	3.547.853,50	8.284.322,61	12.427.518,36
Present value of future minimum lease payments - 31/12/2016				
Future minimum lease payments	1.744.153,36	6.976.613,44	23.006.018,38	31.726.785,18
Interest / future finance charges on contracts	-1.241.752,25	-4.050.795,38	-13.563.797,29	-18.856.344,92
Total	502.401,11	2.925.818,06	9.442.221,09	12.870.440,26

Contingent rents recognised in the income statement under finance leases amount to 90.414,40 EUR in 2017 (63.684,82 EUR in 2016) and are related to indexations.

Commitments for minimum rents due under non-cancellable operating lease contracts are included in note 32.

Note 20 – Deferred tax assets/liabilities

	31/12/2017	31/12/2016
Current taxes		
Current tax receivables	0,00	
Current tax debts		
Net position for current taxes	**0,00**	**0,00**
Deferred taxes		
Deferred tax assets	20.942.917,37	
Deferred tax liabilities		
Net position of deferred taxes	**20.942.917,37**	**0,00**

Movements of the year can be summarised as follows:

	31/12/2017	31/12/2016
Deferred tax assets		
As at 1 January	0,00	
Taxes recognised in net result	19.518.905,49	
Taxes recognised in other comprehensive income	1.424.011,88	
As at 31 December	**20.942.917,37**	**0,00**

	Financial statement	
	31/12/2017	31/12/2016
Deferred tax assets		
Tax losses carried forward and fiscal deductions	222.227.490,59	485.406.217,43
Provision for legal claims, environmental provision and derivatives	63.451.783,66	
Liabilities for employee benefits	35.796.409,24	48.633.799,98
Financial instruments at fair value	21.039.228,38	46.854.178,68
Gross deferred tax assets	**342.514.911,87**	**580.894.196,09**
Deferred tax liabilities		
Property, plant and equipment and investment property	10.901.783,47	47.897.534,36
Gross deferred tax liabilities	**10.901.783,47**	**47.897.534,36**
Less unrecognized deferred tax assets	-310.670.211,03	-532.996.661,73
Net position of deferred taxes	**20.942.917,37**	**0,00**

Fiscal deductions relate to investment credits. Investment credits and tax losses carried forward have an economic value that is recognized in the accounts in the form of a deferred tax asset when it is probable that taxable profit will be available for crediting these investment credits and tax losses in future reporting periods. The Company's ability to recover deferred tax assets is assessed through an analysis based in particular on business plans and the uncertainties related to the economic climate and the uncertainties of the markets in which the Company operates.

At 31 December 2017, the Company recognized a deferred tax asset of 20.942.917,37 EUR of which 20.342.444,55 EUR are related to investment credits and 600.472,82 EUR are related to tax losses carried forward. The Company concludes that this deferred tax asset will be recoverable using estimated future taxable profits based on approved budgets over a three-year period. The Company expects to generate a taxable profit from 2018.
The unrecognized deferred tax asset at 31 December 2017 amounts to 310.670.211,03 EUR, which is mainly due to tax losses carried forward after 2020.

Recoverable tax losses and other tax deductions are unlimited in time.

Note 21 – Trade and other payables

	Notes	31/12/2017	31/12/2016
Non-current trade payables			
Advances received relative to construction contracts	10	20.339.882,84	9.326.052,12
Total		**20.339.882,84**	**9.326.052,12**
Current trade payables			
Suppliers: excluding related parties		329.429.161,83	306.284.232,10
Suppliers: related parties		73.041.593,77	80.993.695,15
Amounts relative to construction contracts	10	869.313,69	4.825.174,15
Total		**403.340.069,29**	**392.103.101,40**
Total trade payables		**423.679.952,13**	**401.429.153,52**

Non-current trade and other payables relate to advances received under the co-financing agreements.

Note 22 – Social debts

	31/12/2017	31/12/2016
Withholding tax	19.296,35	21.697,58
Wages	0,00	1.589,50
Holiday pay	50.648.757,65	51.072.703,52
Other social debts	35.268.057,34	34.109.009,56
Total social debts	**85.936.111,34**	**85.205.000,16**
Of which:		
Social debts that are due (Social Security)	0,00	0,00
Social debts not yet due	85.936.111,34	85.205.000,16

Note 23 - Grants

23.1 Investment grants

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

	2017	2016
Investment grants		
As at 1 January	6.437.609.736,46	6.104.800.377,68
New grants	653.473.545,31	683.971.050,59
Allocated to property, plant and equipement and to intangible assets	-381.074.527,61	-351.161.691,81
Balance as at 31 December	**6.710.008.754,16**	**6.437.609.736,46**
Of which		
Non-current	6.340.272.273,66	6.071.226.882,70
Current	369.736.480,50	366.382.853,76

Capital grants, obtained as part of investments in intangible and tangible fixed assets, are presented as a liability in the financial statement and are recognized in operating income at the same rate as the amortization of fixed assets for which they were obtained. Capital grants acquired but not yet received are included under Trade and other receivables.

The amount of -381.074.527,61 EUR in 2017 (-351.161.691,81 EUR in 2016) relates for -381.635.264,51 EUR (2016: -361.032.561,66 EUR) to the recognition of investment grants in operating result and for 560.726,90 EUR (2016: 9.870.869,85 EUR) to the reclassification as investing grants of grants that were cancelled following the disposal of subsidised assets.

23.2 Operating grants

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

	2017	2016
Operating grants to be received		
As at 1 January	371.549.485,08	384.189.525,50
New grants	1.188.181.050,50	1.130.259.144,31
Payments received	-1.061.522.000,00	-1.141.099.184,73
Other movements	0,00	-1.800.000,00
Balance as at 31 December	**498.208.535,58**	**371.549.485,08**

The operating grants include the (fixed and variable) basis allocation, the grants for security and the fight against terrorism and radicalism as well as the economic recovery plan (until 2016).
Grants acquired to compensate for the State’s share of free commuting are recorded in the turnover.
The operating grants that are granted but not yet received are recognized under Trade and other receivables.

23.3 Financial grants

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

	2017	2016
Financial grants to be received		
As at 1 January	12.096.450,70	12.540.907,37
New grants	26.400.090,79	26.858.850,25
Payments received	-26.346.024,89	-27.303.306,92
Impact mergers	5.524.113,97	0,00
Other movements	-282.379,98	0,00
Balance as at 31 December	**17.392.250,59**	**12.096.450,70**

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. From 2017, following the absorption of SPV LLN, the receivables of the SPV LLN towards the Walloon Region are booked in the financial grants to be received. The interests earned under the “Back-to-Back” contracts are not considered as grants.

The receivables for financial grants are recognized under Trade and other receivables.

New financial grants are recognised in result and deducted from the financial expenses.

Note 24 – Other amounts payable

	Notes	31/12/2017	31/12/2016
Other amounts payable - non current			
Debts towards other companies within the Group SNCB		0,00	19.245.775,16
Funds managed for third parties (Fund REN)	33	106.364.528,22	149.062.114,21
Fees relating to cross-border arrangements		31.141.458,49	35.152.445,55
Guarantees in cash		236.107,88	236.107,88
Other liabilities		0,00	812.000,00
Total		**137.742.094,59**	**204.508.442,80**
Other amounts payable - current			
Debts towards other companies within the Group SNCB		2.333.325,20	1.882.446,01
VAT, taxes and withholding tax to be paid		14.372,39	6.828,75
Funds managed for third parties (Fund REN)	33	74.379.159,37	75.000.000,00
Fees relating to cross-border arrangements		4.010.987,06	4.550.021,20
Other debts on public authorities		3.130.552,10	5.369.897,20
Guarantees in cash		27.399.331,03	43.578.982,00
Deffered income		112.605.575,22	105.199.063,82
Accrued expenses		17.309.000,96	20.592.302,48
Other liabilities		32.879.757,97	21.955.101,25
Total		**274.062.061,30**	**278.134.642,71**
Total other amounts payable		**411.804.155,89**	**482.643.085,51**

At 31 December 2017, the debt towards HR Rail (related company) of 17.169.098,75 EUR recognized during the reorganization of 2014 was transferred to Financial liabilities and then reimbursed to HR Rail. Interests of 467.750,27 EUR related to this debt were paid in 2017.

The debts towards the State under the RER Fund amount to 180.743.687,59 EUR. This same amount, not available to the Company, is recorded under Cash and cash equivalents (see Note 14. Cash and cash equivalents).

The net amount of the guarantees paid in cash under the Credit Support Annex (CSA) with financial institutions amounts to 282.839.368,00 EUR (309.239.368,00 EUR of Trade and other receivables and 26.400.000,00 EUR of Other amounts payables).

The other debts on public authorities include, in particular, the part of the operating grants and the capital grants received within the framework of the anti-terrorism measures that are higher than the real operating and investment expenses of the Company (2.470.603,14 EUR).

The deffered income mainly include revenues relating to inter-network relations.

Other amounts payable as of 31 December 2017 include:

- an amount of 14.467.174,70 EUR recorded in consideration of the receivable contested by the NS relating to the 'samenwerkingafspraak' concerning the ICZ Brussels-Amsterdam;

- an amount of 2.684.000,04 EUR of capital gain generated following the sale of 82% of Transurb to CMI recorded in Other amounts payabels until the final determination of the sale price.

Note 25 – Operating income and expenses

25.1 Operating income

25.1.1. Turnover

			31/12/2017	31/12/2016	
Marketing & Sales			797.056.162,46	735.461.694,84	
Technics			112.624.076,05	111.903.734,17	
Transport			63.964.859,69	72.223.922,96	
	Trains		*54.416.580,26*	*57.525.016,99*	
	Freight Services		*5.708.803,27*	*11.428.860,07*	
	Others		*3.839.476,16*	*3.270.045,90*	
Stations			115.612.948,23	136.006.045,55	
	Property management and concessions		*102.442.240,47*	*101.559.803,31*	
	Income from construction contracts	10	*13.170.707,76*	*34.446.242,24*	
Miscellaneous			1.944.052,71	2.871.441,45	
Total turnover			**1.091.202.099,14**	**1.058.466.838,97**	*

** For the sake of comparability, the comparative figures as of 31 December 2016 have been restated for an amount of 487.790,46 EUR following the change in the classification of an account from the headings "Revenue" to "Other operating income".*

The turnover Marketing & Sales includes the turnover of the domestic activity (mainly traffic revenue and commissions on the sale of products for third parties for 701.268.419 EUR) and the international activity (mainly the products related to the activity of carrier on the Belgian territory and the commissions collected on the sale of international tickets for 95.787.744 EUR).

The turnover of Technics concerns the maintenance and repair of railway rolling stock in workshops for other companies.

In addition to the services provided by the Company's employees at freight terminals for Lineas Group (Freight Service), the turnover of Transport relates to the rental of railway rolling stock and driving services for other companies (Trains) and, to a lesser extent, the services of Corporate Security Services.

25.1.2. Other operating income

	31/12/2017	31/12/2016	
Gross commissions on cross-border arrangements	4.805.928,43	7.146.417,48	
Gains on sale of property, plant and equipment, investment property and assets held for sale	7.999.607,71	18.326.511,24	
Gains following the contribution of a business to THI Factory	0,00	3.420.000,00	
Fines and compensation	6.127.211,01	28.061.532,57	*
Economic recovery commercial activities	2.908.023,68	1.131.596,19	
Economic recovery (claims)	8.480.480,12	0,00	
Other	11.225.402,77	20.240.764,61	
Total other operating income	**41.546.653,72**	**78.326.822,09**	

** For the sake of comparability, the comparative figures as of 31 December 2016 have been restated for an amount of 487.790,46 EUR following the change in the classification of an account from the headings "Revenue" to "Other operating income".*

In 2017, gains on sales of 7.999.586,17 EUR mainly relate to the sale of land and buildings and investments held for sale.

At 31 December 2016, the gains following the contribution of a business to THI Factory concern the contractual foreseen adaptation of the cash payment related to the contribution in THI Factory in 2015.

The amount of 8.480.480,12 EUR in 2017 relates to the recovery plan (2013 litigation) and corresponds to the nominal amount received from the tax authorities for benefits from October to December 2012, following a decision in favor of the Company, received on 24 October 2017.

25.2 Operating expenses

25.2.1 Services and other goods

		31/12/2017	31/12/2016
Infrastructure fee		660.523.407,77	631.521.124,80
Maintenance and repairs / sanitations		90.017.162,17	84.714.649,40
Traction electricity		82.470.733,25	83.424.562,46
ICT costs		79.745.549,99	65.158.576,58
Costs related to investment projects for third parties		12.436.515,65	33.222.750,58
Personnel costs (including HR Rail costs)		47.337.359,36	44.772.341,47
Driving performance, including rental of rolling stock		31.077.214,76	35.937.070,59
Inter-network connections		15.306.752,46	14.733.392,32
Diabolo costs		29.191.363,47	23.005.520,00
Electricity other than traction / supplies		20.808.073,21	21.259.507,78
Consulting		4.930.019,69	5.365.234,38
Commissions		13.148.688,31	13.632.754,05
Public relations		10.668.484,08	9.772.733,12
Insurances and indemnities paid to third parties		13.234.141,30	9.079.179,53
Long term rent and rental charges land and buildings		2.675.871,74	4.073.965,07
Provision for legal claims	18	-6.082.082,25	75.622.937,00
Environmental provisions	18	-847.697,50	-5.064.058,81
Provision Freight sector	18	-10.775.101,86	-10.784.375,53
Other provisions	18	163.982,76	-345.157,57
Miscellaneous		62.911.590,04	66.110.644,93
Total services and other goods		**1.158.942.028,40**	**1.205.213.352,15**

25.2.2 Other operating expenses

	31/12/2017	31/12/2016
Taxes and withholding taxes	3.373.483,53	3.067.464,26
Impairment losses on trade and other receivables, inventories and construction contracts	12.573.605,81	28.879.307,50
Losses on sale of intangible assets, property, plant and equipment, investment property and assets held-for-sale	1.351.504,06	1.009.837,90
Merger Foncière Rue de Fance and purchase activity branch	0,00	9.987.631,41
Other operating expenses	3.606.168,67	1.392.078,64
Total other operating expenses	**20.904.762,07**	**44.336.319,71**

Note 26 – Employee benefit expenses

26.1 Employee benefit expenses

	Notes	31/12/2017	31/12/2016
Wages, salaries and other short-term benefits		1.044.315.208,97	1.026.095.238,69
Defined contribution plans	17	443.736,48	366.123,58
Post-employment benefits	17	9.186.273,72	8.590.348,65
Other long-term employee benefits	17	45.888.188,12	44.439.110,94
Termination benefits	17	-1.397.887,07	-1.188.344,29
Total employee benefit expenses		**1.098.435.520,22**	**1.078.302.477,57**

The financial expenses relating to employee benefits are recognised in financial results – Cfr. note 27.

26.2 Employees headcount

		2017	2016
A. Staff			
	Average number of employees (in FTE)		
	Blue-collar workers	9.936	10.352
	White-collar workers	8.098	8.223
	Management	335	319
	Costs for the company	1.098.174.753	1.036.361.664
B. Interim personnel			
	Average number of employees (in FTE)	N.D.	N.D.
	Costs for the company	116.262	260.147

Note 27 – Financial income and expenses

27.1 Financial income

	Note	31/12/2017	31/12/2016
Interest income on			
unimpaired held-to-maturity investments		47.922,67	11.475,00
impaired held-to-maturity investments		0,00	0,00
unimpaired loans and receivables		22.701.862,09	20.905.790,61
impaired loans and receivables		0,00	1.131,09
financial assets measured at fair value through profit or loss		2.734.803,73	3.562.419,36
financial assets held for trading		-744.441,48	-132.983,58
available-for-sale financial assets	12.2	0,00	0,00
Net change in fair value of financial assets designated at fair value through profit or loss		444.628,04	0,00
Net change in fair value of financial liabilities designated at fair value through profit or loss		12.665.085,53	1.261.671,60
Net change in fair value of derivatives		60.830.731,76	47.700.908,11
Net change in fair value of available-for-sale financial assets recycled into net result		0,00	0,00
Reversal of impairment on available-for-sale financial assets		0,00	0,00
Reversal of impairment on held-to-maturity investments		0,00	0,00
Reversal of impairment on loans and receivables		0,00	0,00
Gains from foreign exchange differences		6.303.267,38	16.414.391,68
Gain on disposal of loans and receivables		0,00	0,00
Dividends received		8.033.305,70	5.482.795,64
Other financial income		14.491.362,06	740.374,73
Total financial income		**127.508.527,48**	**95.947.974,24**

27.2 Financial expenses

	Note	31/12/2017	31/12/2016
Interest expenses on :			
financial liabilities measured at amortised cost		28.169.025,10	33.168.596,18
financial assets liabilities at fair value through profit or loss		5.723.928,88	6.784.821,40
financial liabilities held for trading		20.710.208,47	24.389.927,23
finance lease liabilities		1.301.231,46	1.377.784,86
employee benefit obligations	17.3	5.547.324,48	6.868.072,56
provisions	18	203.277,40	653.190,58
Capitalised finance costs		-134.935,18	-66.004,62
Net change in fair value of financial assets designated at fair value through profit or loss		1.773.846,55	1.777.871,41
Net change in fair value of financial liabilities designated at fair value through profit or loss		0,00	4.409.378,55
Net change in fair value of derivatives		42.821.595,14	40.636.127,10
Net change in fair value of available-for-sale financial assets recycled into net result		0,00	0,00
Impairment on available-for-sale financial assets	12.2	0,00	0,00
Impairment on held-to-maturity investments		0,00	0,00
Impairment on loans and receivables		18.323,13	1.131,09
Loss on disposal of loans and receivables		0,00	0,00
Losses from foreign exchange differences		8.769.583,98	15.689.034,13
Other financial expenses (including costs NPV and amortisation 'Tekort TGV')		3.495.761,68	3.322.822,25
Total financial expenses		**118.399.171,09**	**139.012.752,72**

Interests received on “back to back” agreements and financial grants (see note 23.3) were netted against interest expenses.

Note 28 – Income tax

The tables below show a reconciliation between the (expense) / income on comprehensive income before tax at the Belgian statutory tax rate and (expense) / income tax on comprehensive income as at 31 December 2017 and 31 December 2016 at the effective tax rate of the Company:

31/12/2017	Comprehensive income
Result before taxes	**67.125.965,79**
Income taxes calculated based on tax rate of 33,99%	-22.816.115,77
Effect of disallowed expenses	-11.556.600,00
Other tax-free results	-463.839,14
Use of past unrecognised deffered tax assets	34.834.165,06
Recognising of deffered tax assets	20.942.917,37
Tax (expense)/income on total comprehensive incom	**20.940.527,52**

31/12/2016	Comprehensive income
Result before taxes	**-277.872.525,47**
Income taxes calculated based on tax rate of 33,99%	94.448.871,41
Effect of disallowed expenses	-11.563.511,38
Definitively taxed income	1.770.422,13
Other tax-free results	-11.817.704,26
Expired notional interest	-12.209.358,79
Corrections linked to previous fiscal years	-493.183,83
Change in accounting of deferred tax assets	-60.140.693,41
Tax (expense)/income on total comprehensive income	**-5.158,13**

	Note	31/12/2017	31/12/2016
Current taxes through net income		-2.389,85	-5.158,13
Deferred taxes through net income	20	19.518.905,49	
Deferred taxes through other comprehensive income	20	1.424.011,88	
Tax (expense)/income on total comprehensive income		**20.940.527,52**	**-5.158,13**

Note 29 – Contingent assets and liabilities

The contingent assets amount to 483.282,81 EUR (2016: 6.897.657,34 EUR) and represent mainly amounts claimed by the Company from third parties responsible for disability for staff members. In 2016 the contingent assets included the recovery of costs due by third parties, but not yet cashed by the company (6.380.980,32 EUR);

The contingent liabilities amount to 2.013.805,46 EUR (2016: 504.714,66 EUR) and mainly represent the legal claims against the Company for which the probability that an outflow of resources will be required to settle the obligation is remote at that date.

Note 30 – Additional information on financial instruments

30.1 Financial assets

	Classification according to IAS 39	Carrying amount at 31/12/2017	Fair value at 31/12/2017	Carrying amount at 31/12/2016	Fair value at 31/12/2016
Non-current financial assets					
Trade and other receivables	Loans and receivables measured at amortised cost	744.130.986,30	744.130.986,30	794.131.733,37	794.131.733,37
	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	254.304.610,26	254.304.610,26	299.344.642,18	299.344.642,18
Other financial assets	Available-for-sale assets at fair value through equity	51.890.510,00	51.890.510,00	51.271.902,18	51.271.902,18
	Financial assets designated at fair value through profit or loss	100.280.428,83	100.280.428,83	112.566.546,52	112.566.546,52
	Financial assets at fair value through profit or loss held for trading	110.593.934,60	110.593.934,60	86.923.913,48	86.923.913,48
	Financial assets measured at amortised cost	404.701.095,47	485.371.823,70	415.320.906,50	494.192.248,09
Total		**1.665.901.565,46**	**1.746.572.293,69**	**1.759.559.644,23**	**1.838.430.985,82**
Current financial assets					
Trade and other receivables	Loans and receivables measured at amortised cost	1.120.765.858,76	1.120.765.858,76	1.195.609.838,32	1.195.609.838,32
	Loans and receivables designated at fair value through profit or loss	123.632,87	123.632,87	203.790,83	203.790,83
Derivatives	Financial assets at fair value through profit or loss held for trading	260.629,50	260.629,50	196.419,58	196.419,58
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	251.075,50	251.075,00	253.379,77	253.379,77
	Financial assets at fair value through profit or loss held for trading	-11.755,12	-11.755,12	-13.836,13	-13.836,13
	Financial assets measured at amortised cost	4.131.529,49	4.131.529,49	31.780.697,51	31.855.904,27
	Financial assets held to maturity measured at amortised cost	5.359.630,54	5.350.903,12	0,00	0,00
Total		**1.130.880.601,54**	**1.130.871.873,62**	**1.228.030.289,88**	**1.228.105.496,64**

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

The table below details changes in the fair value of financial assets recognized as fair value through profit or loss. The line other variations contains all the variations resulting from repayments, capitalizations and, in the case of assets in foreign currencies, the impact of currencies differences.

	2017	2016
Balance at 1 January	**113.023.717,12**	**128.946.290,41**
Market risk	*-3.202.938,33*	*-1.841.408,84*
Credit risk	*1.873.719,82*	*63.537,43*
Fair value adjustments	-1.329.218,51	-1.777.871,41
Other variations	-11.039.361,41	-14.144.701,88
At 31 December	**100.655.137,20**	**113.023.717,12**

The credit risk component was isolated from recognized fair value changes by comparing changes in fair value if a neutral risk valuation curve had been used.

30.2 Financial liabilities

	Classification according to IAS 39	Carrying amount at 31/12/2017	Fair value at 31/12/2017	Carrying amount at 31/12/2016	Fair value at 31/12/2016
Non-current financial liabilities					
Financial liabilities	Financial liabilities measured at amortised cost	2.694.542.968,31	3.034.573.617,99	2.735.834.501,79	3.114.931.869,16
Derivatives	Financial liabilities designated at fair value through profit or loss	127.257.635,64	127.257.635,64	147.663.963,54	147.663.963,54
	Financial liabilities at fair value through profit or loss held for trading	396.158.368,07	396.158.368,07	453.524.953,00	453.524.953,00
Trade and other payables	Financial liabilities measured at amortised cost	0,00	0,00	0,00	0,00
Other liabilities	Financial liabilities measured at amortised cost	106.600.636,10	106.600.636,10	166.467.320,84	166.467.320,84
	Financial liabilities designated at fair value through profit or loss	0,00	0,00	2.076.676,41	2.076.676,41
Total		3.324.559.608,12	3.664.590.257,80	3.505.567.415,58	3.884.664.782,95
Current financial liabilities					
Financial liabilities	Financial liabilities measured at amortised cost	670.744.217,49	670.564.475,83	823.083.069,17	822.942.021,41
Derivatives	Financial liabilities designated at fair value through profit or loss	601.980,70	601.980,70	1.304.962,04	1.304.962,04
	Financial liabilities at fair value through profit or loss held for trading	10.425.729,66	10.425.729,66	12.573.763,49	12.573.763,49
Trade and other payables	Financial liabilities measured at amortised cost	397.766.453,51	397.766.453,51	383.776.851,91	383.776.851,91
Other liabilities	Financial liabilities measured at amortised cost	155.014.904,61	155.014.904,61	167.777.660,88	167.777.660,88
	Financial liabilities designated at fair value through profit or loss	0,00	0,00	0,00	0,00
Total		1.234.553.285,97	1.234.373.544,31	1.388.516.307,49	1.388.375.259,73

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

The Company considers the nominal value of “Trade and other payables” and “Other amounts payables” 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.

The table below details changes in the fair value of financial liabilities recognized at fair value through profit or loss. The other variations line contains all the variations resulting from repayments, capitalizations and, in the case of foreign currency liabilities, the impact of translation differences.

	2017	2016
Balance at 1 January	**151.045.601,99**	**202.709.660,36**
Market risk	*-8.538.988,75*	*-3.588.146,39*
Credit risk	*-4.126.096,78*	*6.735.853,34*
Fair value adjustments	-12.665.085,53	3.147.706,95
Other variations	-10.520.900,12	-54.811.765,32
At 31 December	**127.859.616,34**	**151.045.601,99**

The credit risk component was isolated from recognized fair value changes by comparing changes in fair value if a neutral risk valuation curve had been used.

Note 31 – Cross-border arrangements

The Company entered into several cross-border leasing transactions (assets sold or leased to a Trust, and then immediately leased back to the Company) 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 17 and 28 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 upfront approval 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 company kept the property, plant and equipment on its financial statement and did not recognize any gain or loss from the sales transactions to the Trust. This property, plant and equipment relating to cross-border arrangements are primarily the subject of finance lease contracts with companies of the SNCB Group as explained in note 9.3.

The investment accounts (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 financial statement except for investment accounts with Governmental entities or supranational organizations counterparties (or guaranteed by Governmental entities). The investment accounts and the payment obligations not reflected in the balance sheet represent 1.073.866.888,26 EUR (1.387.342.317,38 EUR) as per 31 December 2017 (2016). 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 2017 (2016), 318.324.178,08 EUR (331.515.161,47 EUR) has been recognised as investment accounts. On the other hand, 961.518.672,27 EUR (986.361.122,97 EUR) has been recognised with respect to the payment obligations towards the Trust on 31 December 2017 (2016).

For certain transactions, the Company used financial derivatives in order to hedge interest rate and foreign exchange risks. In those cases the Company applied the fair value option as stipulated by IAS 39 to account for the financial assets and liabilities. The use of financial derivatives is explained in note 11. As per end 2017 (2016) the negative fair value of the financial derivatives linked to the cross-border arrangements amounts to 16.281.289,18 EUR (12.579.625,82 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 2017 (2016), 4.803.775,06 EUR (7.144.264,71 EUR) was recognised in the operating result. The decrease of the recognized amount of fees is the result of the contractual end and certain operations in 2017.

Depending on the type of transaction, the Company has several options at the end of the initial base term of the contract including:

- the exercise of the call option;
- returning the assets to the Trust for use on its own behalf;
- returning the assets to the Trust for whom the Company will act as the sales agent for the asset;
- the extension of the contract by a lease or a service contract beyond the initial base term of the contract; or
- seeking a third party to assume the remaining obligations to the Trust through a lease or service agreement.

Note 32 – Rights and obligations

The amount of contractual commitments for the acquisition of property, plant and equipment and investment properties is 497.506.598,29 EUR (582.258.133,73 EUR) as at 31 December 2017 (2016).

The amount of contractual commitments for the acquisition of services is 1.091.129.887,13 EUR (1.049.085.605,71 EUR) as at 31 December 2017 (2016).

The contractual obligations for the acquisition of stocks amount to 244.657.108,99 EUR (209.945.116,71 EUR) as at 31 December 2017 (2016).

The personal guarantees by the Company for third parties amount to 188.767.279,55 EUR (205.671.651,43 EUR) as at 31 December 2017 (2016).

Credit lines granted by third parties to the Company amount to 2.113.007.506,22 EUR (1.533.007.506,22 EUR) as at 31 December 2017 (2016).

Commitments for future minimum rent payments due under contracts of non-cancellable operating leases amount to 5.860.890,32 EUR (10.726.856,54 EUR) as at 31 December 2017 (2016), of which 1.470.765,27 EUR (3.836.736,42 EUR) in less than a year, 4.390.125,05 EUR (6.843.530,04 EUR) to more than one year but within 5 years and 0 EUR (46.590,08 EUR) to over 5 years.

Guarantees given by third parties on behalf of the Company amount to 1.987.007.652,96 EUR (2.127.484.158,56 EUR) as at 31 December 2017 (2016) and mainly concern 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 280.599.761,79 EUR (331.477.624,57 EUR) as at 31 December 2017 (2016) and relate to prepayments within the framework of the cross-border arrangements.

Inventories belonging to third parties but kept by the Company which bears the risks, amount to 10.336.260,55 EUR (12.097.437,77 EUR) as at 31 December 2017 (2016).

The guarantees given by the Company on own assets amount to 2.506.336.348,57 EUR (2.923.025.039,05 EUR) as at 31 December 2017 (2016) 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 447.282.015,10 EUR (448.361.004,07 EUR) as at 31 December 2017 (2016).

At 31 December 2017, the Company has a commitment of 10.000.000 EUR relating to “overdraft facility” towards Lineas Group, available as from 7 April 2016 to 7 April 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 financial statement are shown in note 31.

Note 33 – Information on related parties

33.1 Consolidated companies

The list of subsidiaries, joint-ventures and associates is included in note 7 and 8.

33.2 Relations with the State

33.2.1 Holding interests

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

33.2.2 Management Contract

The Belgian State signed a Management Contract with the Company for the period 2008-2012. In this Management Contract, it is stated that the Company is an essential part of the transportation system in Belgium. It has been entrusted, under a coherent group policy, the mission to ensure that its activities are consistent with the sustainable mobility policy pursued by the Belgian Government and that it contributes 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 company 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 company can also act as a director, as power of attorney, as representative, as liquidator in other companies and businesses.

33.2.3 *Services to public administrations*

The Company 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 Company's net revenue.

33.3 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.

33.4 Figures relating to relations with public authorities and companies of SNCB Group

Grants granted by public authorities are detailed in note 23.

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

33.4.1 *Sale of goods and services*

These transactions were concluded at normal market condition.

	31/12/2017	31/12/2016
Delivery of services		
Subsidiaries	19.494.854,19	12.704.884,55
Joint ventures	2.223.250,94	2.016.768,53
Lineas Group (associated company)	57.638.572,77	64.262.937,25
Other associates	64.293.134,84	62.653.662,66
Total	143.649.812,74	141.638.252,99

33.4.2 Purchase of goods and services

	31/12/2017	31/12/2016
Purchases of goods		
Subsidiaries	51.284.790,47	60.563.349,17
Joint ventures	0,00	31.907,71
Lineas Group (associated company)	0,00	1.600.000,00
Other associates	0,00	429.680,33
Purchases of services		
Subsidiaries	121.174.703,35	126.351.215,28
Joint ventures	11.670.007,14	20.081.967,76
Lineas Group (associated company)	1.614.124,40	7.427.403,39
Other associates	52.187.076,73	49.110.066,25
Total	**237.930.702,09**	**265.595.589,89**

These transactions were concluded at normal market conditions.

33.4.3 Receivables from and payables to related parties (except key management) following sale/purchase of goods/services

	31/12/2017	31/12/2016
Receivables from related parties		
Subsidiaries	26.025.602,71	89.431.422,97
Joint ventures	516.164,52	1.322.762,38
Lineas Group (associate)	94.960.128,67	102.754.843,58
Other associates	27.660.167,37	27.189.503,27
Total	**149.162.063,27**	**220.698.532,20**
Payable to related parties		
Subsidiaries	207.659.549,83	231.352.838,03
Joint ventures	2.535.688,93	5.381.115,33
Lineas Group (associate)	5.440.869,93	-1.181.092,59
Other associates	120.492.510,54	122.385.523,83
Total	**336.128.619,23**	**357.938.384,60**

These transactions were concluded at normal market conditions.

The receivables from the public authorities are:

	31/12/2017	31/12/2016
Receivables from Public authorities		
Back to Back Operation (in Other financial assets)	256.212.617,33	231.821.865,50
Financing HST	50.680.077,57	52.373.779,42
Financing REN material	392.071.326,77	406.990.844,15
Financing Desiro material	90.917.656,66	95.258.943,96
Funding HLE 18	110.991.288,66	115.358.904,35
Operating grants	500.773.899,94	376.471.361,05
Investment grants	13.203.000,00	95.119.000,00
Investments financed by REN fund	3.283.344,36	2.139.594,08
Station of Mons (Walloon Region)	23.600.301,01	24.503.099,14
SPV LLN	29.689.947,00	28.028.833,11
Recovery Plan	1.552.706,94	22.957.000,00
Grants other third parties	1.184.408,34	414.360,35
CEE	0,00	599.639,36
Total	**1.474.160.574,58**	**1.452.037.224,47**

The above table does not include the REN fund recognised as an asset (see note 14) and as a liability (see note 24) for an amount of 180.743.687,59 EUR in 2017.

33.5 Relations with key management

The Directors and the members of the management committees are considered as key directors of the Company.

The total amount of compensation provided to directors and members of the management committees amounted to 1.965.776,79 EUR in 2016 and 1.691.479,88 EUR in 2017. They did not receive any loans or advances from the Company. 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 key management 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 Company, essentially covering an additional retirement plan;
- Any severance payments.

Key management compensation is as follows:

	31/12/2017	31/12/2016
Salaries and other short-term benefits	1.617.612,75	1.877.219,79
Termination benefits	0,00	0,00
Post-employment benefits	73.867,13	88.557,00
Other long-term employee benefits	0,00	0,00
Total	**1.691.479,88**	**1.965.776,79**

No loans were granted to key management.

Note 34 – Auditors fees

The Company recorded in 2017 (2016) an amount of 478.216,00 EUR (327.220,40 EUR) for auditor fees as part of the statutory audit assignment of the Company.

These amounts can be broken down as follows:

	31/12/2017		31/12/2016	
	Auditor	Related to the auditor	Auditor	Related to the auditor
Assignments related to the review	461.024,80		324.720,40	
Assignments related to tax consult	17.191,20			
Other assignments			2.500,00	
Total	478.216,00	0,00	327.220,40	0,00

Note 35 – Events after the reporting date

No significant event impacting the financial statements of the Company has been observed after the reporting date at 31 December 2017.