

sncb



Passion for travelers

SNCB Consolidated annual report 2017



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1. Consolidated annual report

CONSOLIDATED MANAGEMENT REPORT RELATIVE TO CONSOLIDATED ACCOUNTS 2017

The consolidated financial statements of the SNCB Group as of 31 December 2017 have been established with respect to the provisions of the IRFS (International Financial Reporting Standards) repository as adopted by the European Union and published on this date, namely the standards published by the International Accounting Standards Board (IASB) and the interpretations published by the IFRIC (International Financial Reporting Interpretations Committee).

In annexe, a recap of the notes for the accounts incorporating all the information according to standards of the IFRS.

I. SCOPE OF THE CONSOLIDATION

The scope of the consolidation comprises the set of companies making up the SNCB Group. They are included in the consolidated accounts according to two techniques accepted by the IFRS standards, depending on whether or not the company is controlled by the Group, namely global integration and using the equity method.

Evolution of the scope of consolidation

	31/12/2013	31/12/2014	31/12/2015	31/12/2016	31/12/2017
Parent company	1	1	1	1	1
Fully consolidated companies	33	21	15	12	11
Companies consolidated in accordance with the equity method	25	21	17	16	12
TOTAL	59	43	33	29	24

During the 2017 exercise:

- Following the will of SNCB to internalise advertising operations in the railways sector, SNCB bought back 50% of the shares held by the other shareholder of Publifer, therefore becoming the sole shareholder of this subsidiary. This company, equity-accounted in 2016, is globally consolidated as of 2017.
- SNCB sold 82% of its shares in the Transurb subsidiary. It kept a share of 10% in this company accounted as Other financial assets.
- SNCB proceeded with the merger by absorption of its subsidiary SPV LLN effective 1 October 2017.

- SNCB sold the 50% that it owned in the equity-accounted company ATO.
- A convention was signed between Transurb, Infrabel and SNCB foreseeing the sale by Transurb to Infrabel of shares it owned in the equity-accounted company Tuc Rail and the buy-back by SNCB of Tuc Rail's share in Eurostation thereby taking its share in Eurostation to 100%.
- Transurb sold its shares of 33.33% in the equity-accounted company Belgorail.

II. CONSOLIDATED ANNUAL ACCOUNTS 2017

II.A. BALANCE SHEET

ASSETS

<i>In millions of €</i>	<u>31/12/2017</u>	<u>31/12/2016</u>	<u>Change</u>
<u>Non-current assets</u>	<u>9.766,4</u>	<u>9.692,5</u>	<u>73,9</u>
Intangible assets	218,8	257,6	-38,8
Property, plant and equipment	7.035,4	6.928,0	107,4
Investment property	431,5	406,0	25,5
Interests under equity method	380,5	357,5	23,0
Trade and other receivables	757,4	808,3	-50,9
Derivatives	254,3	299,2	-44,9
Other financial assets	667,5	635,9	31,6
Deferred tax assets	20,9	0,0	20,9
<u>Current assets</u>	<u>2.061,2</u>	<u>2.082,4</u>	<u>-21,2</u>
Inventories	211,4	211,5	-0,1
Trade and other receivables	1.451,0	1.533,1	-82,1
Derivatives	0,3	0,2	0,1
Other financial assets	9,7	31,5	-21,8
Cash and cash equivalents	388,8	306,1	82,7
<u>Non-current assets held for sale</u>	<u>29,8</u>	<u>37,2</u>	<u>-7,4</u>
TOTAL ASSETS	11.857,4	11.812,1	45,3

The total consolidated assets of the SNCB Group on 31 December 2017 represent an amount of €11,857.4 million, that is a variation of €+ 45.3 million (+0.4 %) compared to the close of 2016. SNCB represents 95.6% of the total consolidated assets, which is 98.7% excluding shares in the equity-accounted companies.

The non-current assets (€9,766.4 million) represent 82.4 % of the total assets, that is:

- ❖ €7,685.7 million (78.7% of non-current assets) relating to *intangible and tangible fixed assets and investment properties* of which 99.6 % originate from the parent company. The investments realised by SNCB in 2017 amount to €477.6 million of which €223.1 million for the acquisition and renovation of rolling stock, €107.4 million for the reception of travellers, €94.0 million for the construction and development of workshops and €6.5 million for investments in the context of counter-terrorism measures. The investments by the parent company were financed by capital subsidies except €10.1 million financed from their own funds. In contrast, the annual amortisations and impairment losses of SNCB's assets amount to €430.6 million;
- ❖ €380.5 million (3.9 % of non-current assets) relating to the share in equity of *equity-accounted companies*, businesses in which SNCB has a significant influence yet without owning control, of which THI Factory (€241.7 million), Eurofima (€107.0 million) and HR RAIL (€11.6 million). The variation compared to the previous fiscal period (€+ 23.0 million) comes principally from THI Factory (€+14.4 million), from Lineas Group (€+10.0 million) and the removal of Tuc Rail from the scope of consolidation (€-1.2 million);
- ❖ €1,679.2 million (17.2% of non-current assets) concerning the *commercial debt and other debtors, derivative financial instruments and other financial assets* of which €648.2 million relating to government interventions, €602.7 million in debt management investments and €254.3 million in hedging instruments.

Current assets (€2,061.2 million) represent 17.4 % of total assets and are constituted in particular of cash and cash equivalents (€388.8 million), claims against the State (€573.4 million), sureties deposited in the context of derivative financial instruments (€309.2 million) and VAT to be recovered (€106.7 million). The reduction of €21.2 million from one period to the next is largely attributable to the parent company and results mainly for €+11.0 million of investments in the context of debt management, €-23.0 million of debt repayment relative to the recovery plan and €-17.6 million of sureties deposited in the context of derivative financial instruments.

The non-current assets classified as held for sale (€29.8 million or 0.3% of total assets) decrease by €7.4 million of which principally €-5.7 million tangible assets, €-3.3 million following the sale of ATO and €+1.0 million assets related to Blue Mobility.

LIABILITIES

<i>In millions of €</i>	<u>31/12/2017</u>	<u>31/12/2016</u>	<u>Change</u>
<u>Equity</u>	<u>-256,8</u>	<u>-357,6</u>	<u>100,8</u>
<u>Non-current liabilities</u>	<u>10.210,5</u>	<u>10.147,0</u>	<u>63,5</u>
Employee benefit obligations	326,1	333,4	-7,3
Provisions	163,1	193,1	-30,0
Financial liabilities	2.824,6	2.883,6	-59,0
Derivatives	396,2	453,5	-57,3
Deferred tax liabilities	1,9	0,0	1,9
Trade and other payables	20,5	9,5	11,0
Grants	6.340,3	6.071,3	269,0
Other amounts payable	137,9	202,6	-64,7
<u>Current liabilities</u>	<u>1.903,3</u>	<u>2.022,7</u>	<u>-119,4</u>
Employee benefit obligations	123,4	121,2	2,2
Provisions	95,1	89,5	5,6
Financial liabilities	512,4	648,9	-136,5
Derivatives	10,4	12,5	-2,1
Current tax payables	0,4	3,6	-3,2
Trade and other payables	407,7	396,3	11,4
Social debts	92,7	91,6	1,1
Grants	369,7	366,4	3,3
Other amounts payable	291,5	292,7	-1,2
<u>Liabilities associated with non-current assets held for sale</u>	<u>0,4</u>	<u>0,0</u>	<u>0,4</u>
TOTAL LIABILITIES	11.857,4	11.812,1	45,3

The **consolidated equity** is negative to the tune of €256.8 million. Relative to 2016, the equity has increased by €100.8 million, which is almost exclusively the result of the fiscal exercise coming back to SNCB Group.

The **non-current liabilities** amount to €12,113.8 million, that is €-55.9 million relative to the previous fiscal exercise. This variation is principally observed for:

- ❖ €-55.0 million to *SNCB* of which €+272.4 million of capital subsidies relative to financing of intangible and tangible assets, €-201.8 million change in net debt, €-59.5 million financial and hedging instruments, €- 43.3 million debt reduction towards the State in the context of RER Funds, €-24.4 million relative to the provisions of IAS 37, €+2.8 million relating to expenses to be recognised and deferred income linked to traffic;
- ❖ €-0.9 million for the *other companies of the Group*.

II.B. INCOME STATEMENT

<i>In millions of €</i>	<u>31/12/2017</u>	<u>31/12/2016</u>	<u>Change</u>
<u>Cash result</u>	<u>59,2</u>	<u>23,1</u>	<u>36,1</u>
SNCB	66,0	12,7	53,3
Group Eurostation	-7,9	7,2	-15,1
Eurogare	-1,9	0,5	-2,4
Other entities	2,9	2,7	0,2
<u>Non-cash result</u>	<u>15,4</u>	<u>-292,3</u>	<u>307,7</u>
SNCB	13,9	-297,1	311,0
Group Eurostation	2,4	8,2	-5,8
Eurogare	2,1	-0,3	2,4
Other entities	-3,1	-3,1	0,0
<u>Share of profit of investments accounted for using the equity method</u>	<u>27,1</u>	<u>-1,6</u>	<u>28,7</u>
THE GROUP'S SHARE IN THE INCOME	101,6	-270,8	372,4

The **cash result** amounts to €+59.2 million which is an increase of €36.1 million relative to 2016, of which:

- ❖ €+53.3 million for SNCB. In the 2017 SNCB statutory statements, the cash result for 2017 (2016) amounts to €73.4 million (€21.2 million) versus 66.0 million (€12.7 million) in the 2017 (2016) consolidated accounts, the difference coming from the alignment of reciprocal services and consolidated reversals, the dividends earned from the companies included in the scope of consolidation;
- ❖ €-15.1 million for the Eurostation Group, mainly following a decrease in Eurostation's sales revenues.

The variation in **non-cash results** (€+307.7 million) essentially comes from SNCB (€+311.0 million) of which €+145.9 million impairment losses recognised in 2016 on land, €+78.6 million of provisions (of which €+76 million of provision for other litigation at SNCB in 2016), €+26.8 million of adjustments to the correct value of financial instruments, €+20.9 million deferred taxes (of which €1.4 million OCI), €+29.6 million of actuarial gains and losses relating to post-employment benefits as well as €+21.7 million impairment on liabilities and stocks.

The evolution of the **share in the results of the equity-accounted companies** amounts to €+28.7 million of which €+13.1 million for THI Factory and €+13.8 million for Lineas Group.

II.C. ECONOMIC DEBT

The economic debt is equal to the:

- ❖ the net financial debt, namely
 - the debt contracted with financial institutions;
 - plus the long-term debts;
 - minus cash investments and disposable assets as well as back to back receivables with the State in the context of debt assumption on 1st January 2005;
- ❖ plus or minus the capital subsidies deposited by the State for which the investments remain to be executed;
- ❖ plus or minus the balance of receivables and commercial debts as well as interventions by the State for operating accounts;
- ❖ plus or minus the sureties received or deposited in the context of Credit Support Annex;
- ❖ and plus or minus the co-financing, namely the financial balance of investments made by SNCB on account of other public authorities.

	31-12-2017	31-12-2016	Δ
Net financial debt	2.495,0	2.810,2	-315,2
Investment grants paid by the State for the works still to be carried out	542,7	296,0	246,7
Working capital (trade receivables/-payables + State interventions for the exploitation)	-281,9	-203,5	-78,4
CSA-guarantees	-282,8	-284,5	1,7
Co-financing	-13,9	-38,0	24,1
Economic debt	2.459,0	2.580,2	-121,2

Significant events after the close date

After the closing date of 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.

With exception to that which is recapped below, no significant event impacting the financial status of the SNCB Group was observed after the close date on 31 December 2017.

Indications about the circumstances that might have a marked influence on the Group's development

The management reports published individually by the various companies that form the SNCB Group justify, for each of them, the circumstances that might have a marked influence on development.

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

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 25 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.

Application of the derogation provided for in article 119 of the Company Code

Article 119 of the Company Code defines the content of the management report relating to the consolidated financial statements. However, in its last paragraph, this article states that *"the management report of the consolidated accounts may be combined with the management report established pursuant to Article 96 to constitute a single report, provided that the prescribed particulars are given separately for the consolidating company and for the whole consolidated."*

For matters other than those explained above, it is necessary to refer to the management report on the statutory annual accounts of SNCB (= consolidating company).

With particular reference to the use of derivative financial instruments, we refer to the notes annexed to the annual financial report, which include all the statements and information required by the IAS 39 and IFRS 7 standards.

2. Consolidated financial statements

GENERAL INFORMATION

Activities

Amongst all companies included in the consolidation of the SNCB Group, SNCB alone represents 95,56% of the assets at 31 December 2017 (95,49% at 31 December 2016) and 74.115.818,96 EUR (-259.228.440,77 EUR) of the consolidated net result (Group share) on a total of 95.892.311,93 EUR (-244.034.497,23 EUR) of the consolidated net result (Group share) at 31 December 2017 (31 December 2016).

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

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

Legal status

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

Financial statements

The consolidated financial statements as at 31 December 2017, prepared in accordance with IFRS standards, have been approved by the Management Board of SNCB on 27 April 2018. All figures in this document are expressed in euros (EUR), except if specifically indicated.

Management Board

The Management Board of SNCB is composed as follows:

Fontinoy Jean-Claude	President of the Board
Cornu Jo	Managing Director until 6 March 2017
Dutordoier Sophie	Managing Director since 7 March 2017
Boelaert Filip	Board member since 1 January 2017
Cloquet Jean-Jacques	Board member
Delwart Valentine	Board member
Descheemaeker Marc	Board member
Durez Martine	Board member
Goldstein Yves	Board member

Gosselin Ermeline	Board member since 1 January 2018
Lauwers Kris	Board member
Leburton Valérie	Board member until 9 November 2017
Jeurissen Isabelle	Board member since 24 November 2017
Lorand Renaud	Board member until 12 January 2018
Schatteman Saskia	Board member
Sterckx Dirk	Board member
Van Camp Bart	Board member

Auditors

Auditors of SNCB are:

KPMG Réviseurs d'entreprises SCRL represented by Erik Clinck
BDO Réviseurs d'entreprises SCRL represented by Felix Fank

I. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

		31/12/2017	31/12/2016
	Notes		
Non-current assets			
Intangible assets	5	218.821.781,55	257.587.228,27
Property, plant and equipment	6	7.035.447.362,19	6.927.992.755,33
<i>A. Land</i>		781.709.906,78	784.275.098,96
<i>B. Buildings</i>		955.556.378,10	928.028.822,92
<i>C. Railway infrastructure</i>		64.388.444,19	54.610.386,65
<i>D. Railway rolling stock</i>		3.745.803.465,07	3.883.368.532,07
<i>E. Plant and various equipment</i>		235.496.210,76	202.909.401,71
<i>F. Tangible fixed assets under construction</i>		1.252.492.957,29	1.074.800.513,02
Investment property	7	431.471.730,07	406.035.734,62
Interests under equity method	8	380.476.344,14	357.499.219,55
Trade and other receivables	9	757.437.430,59	808.240.947,87
Derivatives	11	254.304.610,26	299.242.346,03
Other financial assets	12	667.461.221,45	635.870.667,80
Deffered tax asset	22	20.942.917,37	0,00
Subtotal of non-current assets		9.766.363.397,62	9.692.468.899,47
Current assets			
Inventories	13	211.414.844,16	211.494.619,12
Trade and other receivables	9	1.450.964.796,03	1.533.144.576,94
Derivatives	11	260.629,50	196.419,58
Other financial assets	12	9.730.480,41	31.511.611,39
Cash and cash equivalents	14	388.808.810,99	306.101.935,80
Subtotal of current assets		2.061.179.561,09	2.082.449.162,83
Non-current assets held for sale			
Non-current assets held for sale	15	29.818.367,45	37.193.944,99
TOTAL ASSETS		11.857.361.326,16	11.812.112.007,29

Equity and liabilities

		31/12/2017	31/12/2016
	<u>Notes</u>		
Equity			
Share capital	17	249.022.345,57	249.022.345,57
Consolidated reserves	18	-508.308.200,09	-609.636.846,55
Group equity		-259.285.854,52	-360.614.500,98
Non-controlling interests		2.519.792,82	2.981.209,00
Total equity		-256.766.061,70	-357.633.291,98
Non-current liabilities			
Employee benefit obligations	19	326.074.301,22	333.396.607,70
Provisions	20	163.100.065,76	193.122.983,08
Financial liabilities	21	2.824.593.342,95	2.883.612.760,64
Derivatives	11	396.158.368,07	453.524.953,00
Deferred tax liabilities	22	1.858.544,34	24.486,80
Trade and other payables	23	20.480.477,84	9.468.192,12
Grants	25	6.340.313.170,77	6.071.274.437,10
Other amounts payable	26	137.872.029,13	202.572.813,80
Subtotal of non-current liabilities		10.210.450.300,08	10.146.997.234,24
Current liabilities			
Employee benefit obligations	19	123.444.735,57	121.212.802,15
Provisions	20	95.082.781,78	89.474.684,18
Financial liabilities	21	512.380.638,38	648.922.526,39
Derivatives	11	10.425.729,66	12.573.763,49
Current tax payables	22	361.377,59	3.638.350,26
Trade and other payables	23	407.684.426,42	396.279.329,49
Social debts	24	92.653.586,76	91.579.783,49
Grants	25	369.736.480,50	366.382.853,76
Other amounts payable	26	291.535.977,78	292.683.971,82
Subtotal of current liabilities		1.903.305.734,44	2.022.748.065,03
Liabilities associated with non-current assets held for sale			
Liabilities associated with non-current assets held for sale	15	371.353,34	0,00
Total liabilities		12.114.127.387,86	12.169.745.299,27
TOTAL EQUITY AND LIABILITIES		11.857.361.326,16	11.812.112.007,29

II. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		31/12/2017	31/12/2016
	<small>Notes</small>		
CONTINUING OPERATIONS			
Operating income before investment grants			
Turnover	27	1.115.506.638,17	1.128.715.837,58
Operating grants	25	1.188.327.555,99	1.130.465.684,75
Internally generated fixed assets		220.993.218,20	232.441.493,89
Other operating income	27	37.524.769,35	86.142.699,18
Total of operating income before investment grants		2.562.352.181,71	2.577.765.715,40
Operating expenses before depreciation and impairment			
Purchase of raw materials and goods for resale		-100.886.106,30	-85.702.049,17
Services and other goods	27	-1.189.279.997,74	-1.298.377.548,99
Employee benefit expenses	28	-1.147.205.206,00	-1.128.740.527,77
Other operating expenses	27	-26.339.723,06	-49.717.414,56
Total of operating expenses before depreciation and impairment		-2.463.711.033,10	-2.562.537.540,49
Operating result before investment grants, depreciation and impairment		98.641.148,61	15.228.174,91
Investment grants	25	381.081.184,90	351.168.349,10
Depreciation and impairment		-431.554.514,11	-558.982.229,15
Operating result		48.167.819,40	-192.585.705,14
Financial income	29	118.620.515,82	93.505.550,64
Financial expenses	29	-117.435.087,83	-139.349.810,82
Net financial result		1.185.427,99	-45.844.260,18
Share of net result of entities accounted for using the equity method		27.138.731,50	-19.059,78
Net result from continuing operations before tax		76.491.978,89	-238.449.025,10
Income taxes		19.502.290,06	-5.495.600,11
Net result from continuing operations		95.994.268,95	-243.944.625,21
NET RESULT FOR THE YEAR		95.994.268,95	-243.944.625,21
Other comprehensive income for the year :			
That will not be reclassified subsequently to profit or loss			
Actuarial gains and losses	19	4.346.032,77	-25.174.662,86
Tax relating to other comprehensive income	22	1.424.011,88	0,00
Share of other comprehensive income of entities accounted for using the equity method		-36.518,32	-1.321.574,31
Subtotal of other comprehensive income for the year that will not be reclassified subsequently to profit or loss		5.733.526,33	-26.496.237,17
That will be reclassified subsequently to profit or loss when specific conditions are met			
Share of other comprehensive income of entities accounted for using the equity method		2.807,11	-224.561,91
Subtotal of other comprehensive income for the year that will be reclassified subsequently to profit or loss when specific conditions are met		2.807,11	-224.561,91
Total other comprehensive income for the year		5.736.333,44	-26.720.799,08
TOTAL COMPREHENSIVE INCOME		101.730.602,39	-270.665.424,29
Attributable to:			
Net result for the year attributable to		31/12/2017	31/12/2016
Shareholders of the Group		95.892.311,92	-244.034.497,23
Non-controlling interests		101.957,03	89.872,01
Total comprehensive income attributable to		95.994.268,95	-243.944.625,21
Shareholders of the Group		101.628.645,36	-270.755.296,31
Non-controlling interests		101.957,03	89.872,01
Total comprehensive income attributable to		101.730.602,39	-270.665.424,29

III. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the shareholders of the Group			Non-controlling interests	Total equity
	Share Capital	Consolidated reserves	Total		
Notes					
At 1 January 2016	249.022.345,57	-338.875.015,19	-89.852.669,62	2.902.785,96	-86.949.883,66
Net income in 2016		-244.034.497,23	-244.034.497,23	89.872,01	-243.944.625,22
Other comprehensive income 2016		-26.720.799,08	-26.720.799,08	0,00	-26.720.799,08
Dividend paid to non-controlling interests			0,00	-11.287,50	-11.287,50
Consolidation differences out of the Rounding		-6.533,80	-6.533,80	-162,09	-6.695,89
		-1,25	-1,25	0,62	-0,63
At 31 December 2016	17 & 18 249.022.345,57	-609.636.846,55	-360.614.500,98	2.981.209,00	-357.633.291,98
At 1 January 2017	249.022.345,57	-609.636.846,55	-360.614.500,98	2.981.209,00	-357.633.291,98
Net income in 12-2017		95.892.311,92	95.892.311,92	101.957,03	95.994.268,95
Other comprehensive income 12-2017		5.736.333,44	5.736.333,44		5.736.333,44
Dividend paid to non-controlling interests			0,00	-7.927,50	-7.927,50
Change in the consolidation scope - out			0,00	-555.445,07	-555.445,07
Other variations of equity		-300.000,00	-300.000,00		-300.000,00
Rounding		1,10	1,10	-0,64	0,46
At 31 December 2017	17 & 18 249.022.345,57	-508.308.200,09	-259.285.854,52	2.519.792,82	-256.766.061,70

The changes in the consolidation scope out of the non controlling interests in 2017 concern:

- the leave of the consolidation scope of the subsidiary company Transurb (-460.729,59 EUR) and of Belgorail, company accounted for using the equity method (-45.472,98 EUR) and
- the purchase by SNCB of the 0,03% of Eurostation indirectly held by Transurb, before reselling it to B-Parking on the 13th February 2018.

IV. CONSOLIDATED STATEMENT OF CASH FLOWS

	31/12/2017	31/12/2016
<i>Notes</i>		
CASH FLOW FROM OPERATING ACTIVITIES		
Net result of the period	95.994.268,95	-243.944.625,22
Adjustments for		
Depreciation and impairment on property, plant and equipment, intangible assets, investment property and non-current assets held for sale	5,6,7 & 15 434.444.813,62	567.716.420,01
Write-down on inventories, impairment losses on trade and other receivables	9.2 & 13.2 9.571.092,80	31.327.417,26
(Gains) / Losses on disposal of trade and other receivables	0,00	-1.396.294,52
Changes in fair value of financial derivatives	11.2 -18.185.354,43	-6.962.484,86
Changes in fair value of and impairment losses on other financial assets and financial liabilities	-11.335.867,02	4.925.578,36
(Gains) / losses on disposal of property, plant and equipment, intangible assets, investment property and non-current assets held for sale	15.2 -6.756.868,63	-16.768.659,35
(Gains) on contribution of business (THI Factory)	0,00	-3.420.000,00
(Gains) / losses on disposal of subsidiaries and interests under equity method	27.1.2 -3.921,79	496.298,18
Fees on cross-border arrangements recognised in net result	27.1.2 -4.805.928,43	-7.146.417,48
Provisions	27.2.1 & 29.2 -22.780.057,07	55.818.015,09
Employee benefits	-734.439,33	-25.494.512,71
Investment grants recognised in net result	25.1 -381.081.184,90	-351.168.349,10
Net of interest income and expenses	29 32.823.317,63	40.339.358,64
Share of net result of entities accounted for using the equity method	8.1 & 8.2 -27.138.731,50	19.059,76
Income taxes	30 -19.502.290,06	5.495.600,11
Exchange differences	2.471.651,84	44.883,57
Gross cash from operating activities	82.980.501,68	49.881.287,74
Change in net working capital		
Inventories	-26.734.692,60	-31.543.560,71
Trade and other receivables	50.177.874,32	-87.301.720,32
Trade and payables, social debts and other amounts payable	-26.750.320,28	-120.293.652,88
	-3.307.138,56	-239.138.933,91
Cash generated from operating activities before taxes	79.673.363,12	-189.257.646,17
Taxes paid	-3.350.987,70	-2.718.473,89
NET CASH FROM OPERATING ACTIVITIES	76.322.375,42	-191.976.120,06

31/12/2017

31/12/2016

CASH FLOW FROM INVESTING ACTIVITIES

Acquisition of property, plant and equipment, intangible assets and investment property		-519.975.528,41	-528.403.782,21
Acquisition of financial assets		-76.640.102,57	-25.907.526,80
Acquisition of interests		-6.981.520,17	-528.385,43
Proceeds from disposal of subsidiaries		7.765.817,73	0,00
Investment grants received		728.354.463,17	617.912.358,06
Proceeds from disposal of property, plant and equipment and intangible assets, investment property and non-current assets held for sale		16.904.278,00	32.078.519,13
Proceeds from disposal of other financial assets		32.058.349,47	53.862.598,46
Proceeds from disposal of interests under equity method		1.171.298,40	1.094.005,71
Interest received		69.823.893,98	62.560.811,22
Dividends received		311.923,20	5.748.933,14
NET CASH FROM INVESTING ACTIVITIES		252.792.872,80	218.417.531,28

CASH FLOW FROM FINANCING ACTIVITIES

Increase financial liabilities	21.2	441.021.610,89	269.220.571,06
Redemption of financial liabilities	21.2	-586.420.744,44	-278.190.430,96
Redemption / net payment of financial derivatives	11.2	-1.687.945,50	-19.708.785,43
Interests paid	21.2, 11.2 & 26	-97.164.863,20	-109.107.885,27
Negatif interest	21.2	-578.004,79	
Dividends paid		-7.927,50	-11.287,50
NET CASH FROM FINANCING ACTIVITIES		-244.837.874,54	-137.797.818,10

(DECREASE) / INCREASE IN CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS**84.277.373,68 -111.356.406,88****CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE BEGINNING OF THE YEAR (note 14)****306.101.935,80 417.458.342,68**

(Decrease) / increase in cash, cash equivalents and bank overdrafts

84.277.373,68

Exchange differences

-20.047,84

Transfer to non-current assets held for sale

15

-1.550.450,65

CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR (note 14)**388.808.810,99 306.101.935,80**

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 1 – Summary of the significant valuation rules

1.1 Basis for preparation and statement of compliance with IFRS

The consolidated financial statements of the SNCB Group as per 31 December 2017 have been prepared in accordance with “IFRS” (International Financial Reporting Standards) as adopted by the European Union and that have been published at that date, namely the standards published by the International Accounting Standards Board (“IASB”) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

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

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

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

- 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 SNCB Group;
- 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. These amendments aim, in particular, to reduce inconsistencies between the requirements in IFRS 10 and those in IAS 28 dealing with the sale or the contribution of assets between an investor and its associate or joint venture. The main consequence of these amendments is that a full gain or loss is recognized when the transaction involves a business within the meaning of IFRS 3 (whether a subsidiary or not). A partial gain or loss is recognized when the transaction involves assets that do not constitute a business within the meaning of IFRS 3 (including in the

case of a subsidiary). The adoption of this amendment is optional as it has been deferred indefinitely. It is currently not applicable in the SNCB Group.

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

- 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 SNCB Group;
- Amendments to IAS 7 'Statement of Cash Flows', which introduces additional information to evaluate changes in liabilities arising from financing activities, both cash and non-cash. We have included this additional information in the SNCB Group's 2017 consolidated financial statements and we refer you to the notes concerned (Note 11. Derivatives, Note 21. Financial liabilities and Note 26. Other amounts payable);
- Annual minor improvements to IFRS 2014-2016 applicable to periods beginning on January 1, 2018 and relating to IFRS 1 'First-time adoption of IFRS' and IAS 28 'Investments in associates and joint ventures'. They have no impact on the consolidated financial statements of the SNCB Group.

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, the update of the definition of the leases might impact them. Its effective date is scheduled for January 1, 2019. It will be applied in the SNCB Group from that date. The analysis of its impact on the Group's consolidated 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 does not apply in the SNCB Group. Its effective date is scheduled for January 1, 2018. It will be applied in the Group as from that date. The SNCB Group has estimated the negative impact of this new standard on the consolidated equity at 1 January 2018 to approximately EUR -4,3 million;
- 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 Group already books its revenues.

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 mandatory 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 SNCB Group 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 SNCB Group;
- 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 SNCB Group;
- 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) which specify that an entity shall apply IFRS 9, including its impairment requirements, to long-term interests in an associate or joint venture that, in fact, constitutes a portion of its net interest in the associate or joint venture, but which is not accounted for using the equity method. This case does not currently apply to the SNCB Group;
- 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. SNCB Group could be impacted by this interpretation; analyses of the possible impact are ongoing.
- Annual improvements to IFRS 2015-2017 applicable to periods beginning on or after January 1, 2019, with minor changes to the following standards: IFRS 3 'Business Combinations' and IFRS 11 'Partnerships': they clarify that *when an entity obtains the control of a company that is a joint venture, it should re-evaluate the participations previously held in that enterprise*; IAS 23 'Borrowing Costs' 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)*. These improvements will have no significant impact on the consolidated financial statements of the SNCB Group.

The equity of the SNCB Group at 31 December 2017 amounts to -256.766.061,70 EUR. The consolidated financial statements have been established based on the assumption of going concern of the main activities of the SNCB Group. The SNCB Group disposes of the possibility to make use of a guarantee of the Belgian State of maximum 1.138 Million EUR (the SNCB Group did not use this State guarantee and has currently no intention to use to this guarantee). On 21 November 2017, Moody's confirmed the long-term rating of the SNCB Group of A1 with a "stable" and short term perspective of P-1. Standard & Poor's confirmed the long term rating of A with a "stable" perspective and confirmed the short term rating of P-1 as of 30 November 2017. Finally, the Board of Directors of 30 March 2018 approved the financial planning of 2018 in which no financing problems appear. We also note that the investment grants (6.710.049.651,27 EUR at 31 December 2017), that cover almost all of the investments of the SNCB Group, are booked as liabilities according to IFRS.

1.2 Consolidation

1.2.1 Subsidiaries

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

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

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

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

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

1.2.2 Jointly controlled entities and associates

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

1.2.3 Goodwill and negative consolidation differences

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

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

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

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

1.2.5 Non-controlling interests

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

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

1.3 Foreign currency transactions

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

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

1.4 Intangible assets

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

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

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

The initial cost of intangible assets:

- that **are acquired separately** includes costs directly attributable to the transaction (purchase price net of trade discounts and other rebates), excluding indirect costs;
- that **are generated internally** is equal to the sum of the expenses incurred as from the date the assets first meet the recognition criteria in accordance with IAS 38, i.e. as from the time the SNCB Group can demonstrate (1) that the project is technically feasible, (2) that there is an intention of using or selling the asset, (3) how the asset will generate future economic benefits, (4) that there exist adequate resources to complete the project and (5) that the expenditure can be measured reliably. These expenses include direct costs plus the operating costs of the operational services (except depreciation of assets financed by grants). The hourly rate is calculated taking into account all costs of short-term employee benefits, except for training costs and expenditures on safety, plus all costs of other long-term employee benefits, post-employment benefits and termination benefits (where related to staff that is still partially employed).
Only the development costs of internally generated software are capitalised; research costs are recognised immediately in net result. The development costs only include: (a) design (functional and technical blueprint), (b) programming and configuration, (c) developing interfaces, (d) technical documentation for internal use, (e) hardware integration and (f) testing.
Expenditures subsequent to the initial recognition are recognised in net result, except if it can be demonstrated that it generates new, significant economic benefits;
- that **are acquired as part of a business combination** is the fair value on the date of acquisition.

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

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

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

Amortisation starts when the asset is ready for use.

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

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

1.5 Property, plant and equipment

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

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

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

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

Costs of maintenance and repairs that merely maintain the value of property, plant and equipment without increasing it, are recognised in net result. However, costs of major

maintenance and major repair works that increase the future economic benefits that generated by the asset are recognised as a separate component of the cost price. The cost price of property, plant and equipment is split among significant (sub-)components. These significant (sub-)components, which are replaced at regular intervals and therefore have a useful life that differs from that of the main asset, are depreciated over their own, specific useful life. In case of a replacement, the asset is no longer recognised in the statement of financial position and the new asset is amortised over its own useful life.

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

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

Property, plant and equipment	Probable useful life
Land	Not applicable
Administrative buildings	60 years
Components of administrative buildings	10 to 30 years
Industrial buildings	50 years
Components of industrial buildings	15 to 20 years
Residential properties	50 years
Components of residential properties	15 to 20 years
Stations	100 years
Components of stations	10 to 40 years
Car parks	100 years
Components of car parks	10 to 20 years
Track and associated components	25 to 100 years
Structures and associated components	20 to 120 years
Level crossings and associated components	10 to 25 years
Railway infrastructure – signalling	7 to 35 years
Miscellaneous railway infrastructure	7 to 50 years
Railway rolling stock, excluding wagons and carriages	25 to 60 years
“Mid-life” component of railway rolling stock	15 to 30 years
Carriages and wagons	30 years
Overhaul of carriages and wagons	9 years
Other plant and various equipment	4 to 30 years
Furniture	10 years
ICT	4 to 10 years
Road vehicles	2 to 10 years
Leasehold improvements to property, plant and equipment	See 1.6.2.

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

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

Concessions in the stations are recognised as intangible assets.

1.6 Leases

1.6.1 Cross-border arrangements

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

1.6.2 Leases for which the Company is the lessee

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

Each lease payment is broken down between the financial expense and the amortization of the debt. The finance cost is spread over the various lease commitment periods so as to result in a constant periodic charge over the remaining balance of the liability. Property, plant and equipment held under a finance lease are depreciated over the shorter of the lease term and the useful life of the asset if the SNCB Group is not reasonably certain to become the owner of the asset at the end of the lease period.

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

1.6.3 Leases for which the Company is the lessor

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

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

1.7 Investment properties

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

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

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

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

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

1.8 Interests under equity method

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

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

1.9 Impairment losses

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

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

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

An annual impairment test should be performed if goodwill is allocated to a CGU or if there are indications there has been an impairment loss. In the event that no goodwill is allocated to the CGU, an impairment test should only be performed if there are indications there has

been an impairment loss. Goodwill acquired as part of a business combination is allocated to the acquired subsidiaries and, as the case may be, to the CGUs that are expected to benefit from the synergies resulting from the business combination.

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

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

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

1.10 Inventories

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

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

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

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

1.11 Trade and other receivables

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

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

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

1.12 Derivatives

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

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

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

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

1.13 Other financial assets

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

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

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

1. Financial assets at fair value through profit or loss include (a) financial assets held for trading and (b) assets for which the SNCB Group decided on a voluntary basis to classify them, at inception, in the category 'at fair value through profit or loss'.
2. Held-to-maturity financial assets quoted in an active market are non-derivative financial assets, with fixed or determinable payments and fixed maturities that the SNCB Group has the positive intention and ability to hold to maturity. These assets are valued at amortised cost.
3. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recorded in the financial statement at amortised cost using the effective interest method.

4. Available-for-sale financial assets are a residual category that includes all financial assets not classified in one of the categories mentioned above, for which the SNCB Group does not have both the intention and the ability to hold to maturity. These available-for-sale financial assets are recorded at fair value. Changes in fair value are reported in other comprehensive income until the assets are impaired or sold. At the time of sale, gains or losses accumulated in other comprehensive income are recycled into net income.

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

Shares' fair value is determined based on the most appropriate financial criteria to each company's particular situation. Criteria generally used 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 as defined in paragraphs 76 (Parameter Level 1) and 81 and 82 (Parameter Level 2). IFRS 13. The fair value of investments is classified as level 1 and 2 of the hierarchy of valuation as defined in IFRS 13.

A financial asset that is not recorded at fair value through profit or loss is reviewed at each closing date to determine whether there is objective evidence of impairment. An impairment loss is recognised if there is objective evidence that an adverse event occurred after the initial recognition of the asset, and that this event has a negative impact on the estimated future cash flows of the asset.

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

1.14 Cash and cash equivalents

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

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

1.15 Non-current assets held for sale

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

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

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

1.16 Discontinued operations

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

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

1.17 Share capital, share premium account

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

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

1.18 Debts for employee benefits

1.18.1 Short-term employee benefits

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

1.18.2 Post-employment benefits

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

Post-employment benefits can be subdivided into two categories:

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

- defined benefit plans: these are all plans that are not defined contribution plans.

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

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

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

1.18.3 Other long-term employee benefits

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

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

1.18.4 Termination benefits

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

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

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

1.19 Provisions

A provision is only recognised if:

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

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

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

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

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

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

1.20 Financial liabilities

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

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

Financial liabilities are classed at long term, except these who expire within 12 months 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.

1.21 Income taxes – Deferred tax assets / liabilities

Income taxes include both current and deferred taxes. The current tax comprises the taxes to be paid (or recovered) on the taxable result of the past financial year, together with any adjustment to the taxes to be paid (or recovered) with regard to previous accounting years.

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

Nonetheless, there are no deferred taxes on:

1. the initial recognition of goodwill that is not tax deductible,
2. the initial recognition of assets and liabilities (except for acquisitions of subsidiaries) that have no effect on the accounting profit or taxable profit; and
3. temporary differences in investments in subsidiaries and joint ventures if the Group is able to control when the temporary difference will reverse and if it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

1.22 Trade and other payables

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

1.23 Social debts

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

1.24 Grants

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

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

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

1.25 Other amounts payable

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

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

1.26 Operating income and operating expenses

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

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

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

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

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

1.27 Financial income and financial expenses

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

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

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

1.28 Rights and obligations

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

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

1.29 Cash flow statements

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

Note 2 – Capital management

2.1 Capital management

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

The SNCB Group defines its net debt as:

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

Total net debt is as follows as at 31 December 2017 and 2016:

Net debt		31/12/2017	31/12/2016
Line item	<u>Notes</u>		
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	208.000.918,63	81.975.405,12
Subtotal of current assets		217.374.720,86	111.980.004,91
Non-current assets held for sale		0,00	0,00
Total assets		861.363.586,83	682.588.934,62
Financial liabilities	21	2.772.341.639,75	2.819.663.481,23
Derivatives	11	84.353.249,20	38.171.755,31
Subtotal of non-current liabilities		2.856.694.888,95	2.857.835.236,54
Financial liabilities	21	499.711.517,19	634.966.029,86
Derivatives	11	-83.408,53	0,00
Subtotal of current liabilities		499.628.108,66	634.966.029,86
Liabilities associated with non-current assets held for sale		0,00	0,00
Total liabilities		3.356.322.997,61	3.492.801.266,40
Net debt		2.494.959.410,78	2.810.212.331,78
Variation in net debt		-315.252.921,00	

Economic debt

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

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

- the net receivables on the operation grants (PFS) committed by the Belgian State but not yet received by the SNCB Group.

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

<i>Economic debt</i>	2017	2016
Net debt	2.494.959.410,78	2.810.212.331,78
Regional cofinancings	-13.910.301,12	-37.947.215,94
Unused received investment allowances PSF	542.675.631,30	296.044.624,96
Net balance of trade debts and receivables	217.398.434,80	190.602.229,66
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	-35.955.606,76	-229.981.880,13
Economic debt	2.459.003.804,02	2.580.230.451,65

Reconciliation of net debt with the balance sheet items

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

- Other financial assets:

<i>Other financial assets</i>		31/12/2017					TOTAL
	Notes	Nominal	Net debt Fair value adjustments	Accrued income	Others Assets managed on behalf of third parties	Other	
Non-current							
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	51.885.762,55	51.885.762,55
Total non-current		602.726.292,51	3.552.873,50	9.296.292,89	0,00	51.885.762,55	667.461.221,45
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	51.885.762,55	677.191.701,86

Other financial assets		31/12/2016					TOTAL
		Nominal	Net debt Fair value adjustments	Accrued income	Assets managed on behalf of third parties	Others Other	
Non-current	Notes						
Receivables		340.009.875,12	4.882.092,01	7.877.016,18	0,00	0,00	352.768.983,31
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	51.274.180,31	51.274.180,31
Total non-current		571.132.952,42	4.882.092,01	8.581.443,06	0,00	51.274.180,31	635.870.667,80
Current							
Receivables		30.004.599,79	0,00	1.512.650,28	0,00	0,00	31.517.250,07
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	0,00	31.511.611,39
Total other financial assets		601.137.552,21	4.882.092,01	10.088.454,66	0,00	51.274.180,31	667.382.279,19

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

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

- Cash and cash equivalents:

Cash and cash equivalents		31/12/2017					TOTAL
		Nominal	Net debt Fair value adjustments	Accrued income	Assets managed on behalf of third	Others Others	
Commercial Paper		0,00	0,00	0,00	0,00	0,00	0,00
Short-term deposits		0,00	0,00	0,00	180.743.277,62	0,00	180.743.277,62
Cash at bank		205.548.636,83	0,00	0,00	9,08	0,00	205.548.645,91
Cash in hand		2.452.281,80	0,00	0,00	0,00	64.605,66	2.516.887,46
Total		208.000.918,63	0,00	0,00	180.743.286,70	64.605,66	388.808.810,99

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

The assets managed on behalf of third parties consist of investments made by the REN Fund on behalf of the Belgian State. The REN Fund was created by the Belgian State in 2001 to finance the infrastructure works for the creation of a “Regional Express Network” (REN). The management of these assets was transferred to the ex-SNCB Holding through the 2005-2008 Management Contract. All of the assets for which management was transferred to the SNCB are considered by the SNCB Group as a debt 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 immediately 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 21.

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

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

Debt management

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

Debt management, taking into account derivatives, require that:

- whenever possible, the reimbursements of net debt are based on expected changes in future cash flows in order to level and reduce cash balances.
- long term net debt of the SNCB Group must be contracted for minimum 65% and maximum 75% through fixed rate instruments and for minimum 25% and maximum 35% through floating rate instruments.
- the weighted residual maturity of long-term debt of the SNCB Group is fixed at a minimum of 5 years.
- debt maturities are spread over time, in terms of liquidity as well as in terms of interest rate risk.
- any debt operation, even a short-term one, that generates a currency risk, must be converted immediately and fully in EUR in order to eliminate currency risk on principal and interest.
- the cash flows of each financial liability or investment are composed solely of principal and interest on the principal. The investments in risk-bearing capital are not allowed.

- the investment limits are respected for investment transactions.

Treasury management

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

Main items of treasury management:

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

Derivatives operations

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

Main items of management of operations on derivatives:

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

Instruments that do not meet the definition of financial instruments

The analyses 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		Total
	IFRS 7	Not IFRS 7	
Financial assets			
Trade and other receivables	1.877.576.202,54	330.826.024,08	2.208.402.226,62
Derivatives	254.565.239,76	0,00	254.565.239,76
Other financial assets	677.191.701,86	0,00	677.191.701,86
Cash and cash equivalents	388.808.810,99	0,00	388.808.810,99
Total financial assets	3.198.141.955,15	330.826.024,08	3.528.967.979,23
Financial liabilities			
Financial liabilities	3.336.973.981,33	0,00	3.336.973.981,33
Derivatives	406.584.097,73	0,00	406.584.097,73
Trade and other payables	396.340.724,24	31.824.180,02	428.164.904,26
Other amounts payable	259.000.003,73	170.408.003,17	429.408.006,90
Total financial liabilities	4.398.898.807,03	202.232.183,19	4.601.130.990,22
	31/12/2016		Total
	IFRS 7	Not IFRS 7	
Financial assets			
Trade and other receivables	2.017.745.319,53	323.640.205,28	2.341.385.524,81
Derivatives	299.438.765,61	0,00	299.438.765,61
Other financial assets	667.382.279,19	0,00	667.382.279,19
Cash and cash equivalents	306.101.935,80	0,00	306.101.935,80
Total financial assets	3.290.668.300,13	323.640.205,28	3.614.308.505,41
Financial liabilities			
Financial liabilities	3.532.535.287,03	0,00	3.532.535.287,03
Derivatives	466.098.716,49	0,00	466.098.716,49
Trade and other payables	373.606.826,12	32.140.695,49	405.747.521,61
Other amounts payable	334.146.406,23	161.110.379,39	495.256.785,62
Total financial liabilities	4.706.387.235,87	193.251.074,88	4.899.638.310,75

2.2.1 Market risk: currency risk

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

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

To minimize the currency risk, subsidiaries use the Treasury department of the mother company, which itself is covered by the financial markets to cover any significant currency risk. Exceptions are to be approved by the SNCB's Management Committee; the subsidiaries are not permitted to enter into derivatives.

a. Financial instruments by currency

	31/12/2017			Total
	EUR	USD	Others	
Financial assets				
Trade and other receivables	1.877.362.929,31	0,00	213.273,23	1.877.576.202,54
Derivatives	142.665.426,34	111.899.813,42	0,00	254.565.239,76
Other financial assets	446.673.577,97	230.518.123,89	0,00	677.191.701,86
Cash and cash equivalents	388.613.918,86	142.867,55	52.024,58	388.808.810,99
Total financial assets	2.855.315.852,48	342.560.804,86	265.297,81	3.198.141.955,15
Financial liabilities				
Financial liabilities	3.047.640.451,07	289.333.530,26	0,00	3.336.973.981,33
Derivatives	372.273.517,71	34.310.580,02	0,00	406.584.097,73
Trade and other payables	396.087.862,86	22.062,35	230.799,03	396.340.724,24
Other amounts payable	259.000.003,73	0,00	0,00	259.000.003,73
Total financial liabilities	4.075.001.835,37	323.666.172,63	230.799,03	4.398.898.807,03
Net exposure		18.894.632,23	34.498,78	

	31/12/2016			Total
	EUR	USD	Others	
Financial assets				
Trade and other receivables	2.013.046.387,61	0,00	4.698.931,92	2.017.745.319,53
Derivatives	168.058.880,10	131.379.885,51	0,00	299.438.765,61
Other financial assets	415.111.962,48	252.270.316,71	0,00	667.382.279,19
Cash and cash equivalents	304.481.081,97	40.624,39	1.580.229,44	306.101.935,80
Total financial assets	2.900.698.312,16	383.690.826,61	6.279.161,36	3.290.668.300,13
Financial liabilities				
Financial liabilities	3.204.147.805,68	328.387.481,35	0,00	3.532.535.287,03
Derivatives	432.045.739,31	33.950.681,03	102.296,15	466.098.716,49
Trade and other payables	373.180.212,79	62.560,19	364.053,14	373.606.826,12
Other amounts payable	334.128.820,54	7.091,77	10.493,92	334.146.406,23
Total financial liabilities	4.343.502.578,32	362.407.814,34	476.843,21	4.706.387.235,87
Net exposure		21.283.012,27	5.802.318,15	

The above detail shows the foreign currency exposure of the financial assets and liabilities of the SNCB Group. Apart from the euro, the significant currency for the SNCB Group is the US Dollar. The exposures in USD come from alternative financing operations. Currency risks arising from USD positions are hedged by swap agreements as described in section b. below. 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 face value	Total fair value	Total face value
Currencies bought				
USD	115.563.816,67	73.102.433,30	135.482.106,67	80.841.847,95
Other	0,00	0,00	0,00	0,00
Currencies bought - Total	115.563.816,67	73.102.433,30	135.482.106,67	80.841.847,95
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 SNCB Group 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 SNCB Group has chosen not to apply hedge accounting as defined in IAS 39 and therefore does not recognize the derivatives as hedging instruments. The derivatives are recognized at fair value through profit or loss.

c. Sensitivity analysis

IFRS 7 requires a sensitivity analysis to illustrate the theoretical impact of movements in exchange rates on net result and equity. The sensitivity analysis has been performed on the basis of the position of the SNCB Group at balance sheet date. For currency risk, the sensitivity analysis consists in evaluating the impact on the IFRS consolidated statements of a variation of the USD (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%	2.099.403,58	0,00
USD - 10%	-1.717.693,84	0,00
2016		
USD + 10%	2.364.779,14	0,00
USD - 10%	-1.934.819,30	0,00

2.2.2 Market risk: interest rate risk

a. Interest rate risk

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

At 31 December 2017, an average of 49,46% (2016 = 53,13%) of net interest bearing financial liabilities (before impact of derivatives) of the SNCB Group are contracted at variable rate and 50,54% (2016 = 46,87%) at fixed rates. When taking the derivatives into account, the proportion variable – fixed rate at 31 December 2017 becomes 14,63% / 85,38% (2016: 17,00% / 83,00%).

	Carrying amount 31/12/2017	Carrying amount 31/12/2016
Fixed rate instruments		
Financial assets	1.137.265.305,60	1.153.948.061,97
Trade and other receivables	801.056.548,47	806.406.054,63
Other financial assets	336.208.757,13	347.542.007,34
Cash and cash equivalents	0,00	0,00
Financial liabilities	-2.015.663.924,95	-2.053.862.990,15
Financial liabilities	-2.015.686.807,01	-2.034.949.453,57
Trade and other payables	0,00	-213.914,23
Other amounts payable	22.882,06	-18.699.622,35
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	-1.514.943.973,32	-1.653.138.485,80
Floating rate instruments		
Financial assets	668.621.281,19	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	180.743.277,62	224.801.992,44
Financial liabilities	-1.528.412.002,48	-1.764.062.640,81
Financial liabilities	-1.321.268.314,89	-1.497.548.564,35
Trade and other payables	0,00	0,00
Other amounts payable	-207.143.687,59	-266.514.076,46
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	-259.515.957,47	-338.597.645,63
Total	-1.774.459.930,79	-1.991.736.131,43

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

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

b. Cash flow sensitivity analysis

A 100bp rise of variable interest rates (including derivatives) would increase the net interest expenses of the SNCB Group by 846.574,93 EUR (336.787,46 EUR) in 2017 (in 2016).

c. Fair value sensitivity analysis

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

The fair value sensitivity analysis was determined for the SNCB Group at the balance sheet date. An increase by 100bp would impact net result by 44.680.148,09 EUR on 31 December 2017 (2016: 52.469.873,64 EUR), of which 0,00 EUR (2015: 0,00 EUR) via the other comprehensive income. This positive change in income is mainly the result of the type of interest rate derivatives concluded by the SNCB Group for which a fixed rate is paid and a variable rate is received.

2.2.3 Market risk: price risk on commodities

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

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

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

Concerning natural gas (heating) and gas oil (heating and traction) the SNCB acts as “lead-buyer” for a number of participation companies within the Belgian railway landscape but outside the scope of consolidation. Prices are negotiated by the SNCB on behalf of the participating companies, but the individual companies are billed directly. The SNCB applies the following strategies:

- Natural gas: application of the click-system where prices are set at different times for a part of the volume within the limits approved by the Management Board. The final price is the average of the different buying moments in combination with the spot price or the daily price for the remaining volume. This allows for the spreading of risk, the timing of fixing and the reaction on market opportunities. In order to ensure the

supply, the Management Board has decided to conclude a framework agreement until 2020 included. The SNCB has the possibility to renew the framework agreement until 2021 included.

- Diesel: the click-system cannot be applied here. That is why the SNCB combines the purchase of gas oil at current price with the conclusion of derivatives (gas oil swaps). The use of derivatives has the potential to react to market opportunities and to reduce uncertainty on future cash flows. The Management Board of the SNCB has decided until 2019 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 ratchet 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 SNCB Group for the sole purpose of collecting contractual cash flows and are part of the contractual obligations arising from the "Financial liabilities" (mainly alternative financing). Some of these assets are voluntarily valued at fair value to eliminate an accounting difference. The SNCB Group 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 SNCB Group if a business partner or counterparty of a financial instrument fails to meet contractual obligations. The SNCB Group's credit risk arises from trade receivables, investments, financial assets available for sale and derivatives. The SNCB Group 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	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	1.877.576.202,54	1.830.917.336,27	20.625.535,94	7.026.482,00	607.789,36	624.855,14	-131.390,39	3.975.173,27	13.930.420,95
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	677.191.701,86	677.191.701,86	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Cash and cash equivalents	388.808.810,99	388.808.810,99	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total	3.198.141.955,15	3.151.483.088,88	20.625.535,94	7.026.482,00	607.789,36	624.855,14	-131.390,39	3.975.173,27	13.930.420,95
31 December 2016									
Trade and other receivables	2.017.745.319,53	1.980.462.387,81	7.949.343,04	12.247.233,01	2.864.772,90	5.087.129,45	14.593.574,28	-5.014.882,41	-444.238,55
Derivatives	299.438.765,61	299.438.765,61	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Other financial assets	667.382.279,19	667.382.279,19	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Cash and cash equivalents	306.101.935,80	306.101.935,80	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total	3.290.668.300,13	3.253.385.368,41	7.949.343,04	12.247.233,01	2.864.772,90	5.087.129,45	14.593.574,28	-5.014.882,41	-444.238,55

Regional distribution

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

	Belgium	Eurozone	Europe - other	United States	Other	Total
31 December 2017						
Trade and other receivables	1.511.392.249,80	357.357.498,35	4.893.550,55	3.916.063,80	16.840,04	1.877.576.202,54
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	275.363.208,14	30.123.146,37	263.584.536,55	75.877.273,85	32.243.536,95	677.191.701,86
Cash and cash equivalents	388.807.776,77	0,00	374,03	660,19	0,00	388.808.810,99
Total	2.371.928.192,73	397.643.497,39	314.401.305,81	81.908.582,23	32.260.376,99	3.198.141.955,15
31 December 2016						
Trade and other receivables	1.554.085.287,89	362.968.057,76	84.940.448,43	5.101.173,40	10.650.352,05	2.017.745.319,53
Derivatives	217.755.876,78	10.291.483,55	71.391.405,28	0,00	0,00	299.438.765,61
Other financial assets	249.901.098,50	33.710.997,08	269.846.728,52	79.218.214,56	34.705.240,53	667.382.279,19
Cash and cash equivalents	304.623.491,40	83.528,33	740.629,01	588,89	653.698,17	306.101.935,80
Total	2.326.365.754,57	407.054.066,72	426.919.211,24	84.319.976,85	46.009.290,75	3.290.668.300,13

Credit risk on trade receivables and other receivables.

Accounts receivable and other receivables relate in 2017 to 63.24% (2016: 59.21%) claims on the Belgian State following the pre-financing of investments and net claims relating to operating subsidies (SPF) and for 16,47% (2016: 16.20%) guarantees paid to financial institutions under CSA contracts. Other trade receivables and other receivables (2017: 20.29%, 2016: 24.59%) are spread over several thirds.

Credit risk on investments.

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

The SNCB Group considers the book value of its investments measured at fair value as a correct 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 SNCB Group has invested consists mainly of operational investments in companies who do not meet the criteria of a subsidiary, joint ventures of associates. For a more detailed analysis of these assets, see Note 12.

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

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

Rating	31/12/2017					
	Nominal		Fair value adjustment	Accrued income		Total
	Non-current	Current		Non-current	Current	
Other financial assets	695.785.616,44	9.373.802,23	-37.620.687,88	9.296.292,89	356.678,18	677.191.701,86
AA+	88.309.549,43	5.353.558,30	3.004.695,28	2.058.016,73	6.072,24	98.731.891,98
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	88.309.549,43	5.353.558,30	3.004.695,28	2.058.016,73	6.072,24	98.731.891,98
<i>Corporates</i>	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
<i>Financial institutions</i>	30.495.459,81	0,00	0,00	1.748.077,14	0,00	32.243.536,95
<i>Sovereigns</i>	255.478.292,56	0,00	0,00	741.316,47	-6.991,70	256.212.617,33
<i>Corporates</i>	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
<i>Financial institutions</i>	115.900.894,97	4.020.243,93	0,00	60.973,72	67.478,52	120.049.591,14
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
A+	0,00	0,00	0,00	0,00	0,00	0,00
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
A	94.055.532,41	0,00	548.178,22	4.687.908,83	251.075,50	99.542.694,96
<i>Financial institutions</i>	94.055.532,41	0,00	548.178,22	4.687.908,83	251.075,50	99.542.694,96
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
A-	0,00	0,00	0,00	0,00	0,00	0,00
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
NR	111.545.887,26	0,00	-41.173.561,38	0,00	39.043,62	70.411.369,50
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	18.486.563,33	0,00	0,00	0,00	39.043,62	18.525.606,95
<i>Equity securities</i>	93.059.323,93	0,00	-41.173.561,38	0,00	0,00	51.885.762,55
<i>Other</i>	0,00	0,00	0,00	0,00	0,00	0,00

Rating	31/12/2017					
	Nominal		Fair value adjustment	Accrued income		Total
	Non-current	Current		Non-current	Current	
Cash and cash equivalents	0,00	388.808.810,99	0,00	0,00	0,00	388.808.810,99
A-1+	0,00	180.743.277,62	0,00	0,00	0,00	180.743.277,62
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	0,00	180.743.277,62	0,00	0,00	0,00	180.743.277,62
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
NR	0,00	208.065.533,37	0,00	0,00	0,00	208.065.533,37
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Cash at bank</i>	0,00	205.548.645,91	0,00	0,00	0,00	205.548.645,91
<i>Cash in hand</i>	0,00	2.516.887,46	0,00	0,00	0,00	2.516.887,46

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

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

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

Management of derivatives counterparty credit risk

The credit risk of counterparties with whom we conclude derivatives should systematically be covered by the conclusion of CSA (credit support annex). Under such contracts the amount that should be paid either by the SNCB Group or by the counterparty in case of termination is

calculated regularly. Through the use of CSA contracts, the SNCB Group payed and received guarantees for counterparties for which the fair value of the portfolio of financial instruments exceeds a predefined threshold. These thresholds are defined in the CSA contract based on the credit quality of each counterparty independently (rating).

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

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

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

Management of derivatives counterparty credit risk 2016

Counterparty	Credit risk	Collateral posted	Collateral received
152	38.349.169,42	0,00	-42.300.000,00
154	-369.963.596,06	317.939.106,00	0,00
155	0,00	0,00	0,00
156	-5.038.094,44	0,00	0,00
158	10.123.660,52	0,00	0,00
159	-5.056.364,84	5.100.000,00	0,00
160	-27.170.376,15	0,00	0,00
161	-25.641.750,50	1.100.000,00	0,00
162	-9.746.204,75	0,00	0,00
163	-12.640.898,65	2.700.000,00	0,00
With CSA	-406.784.455,45	326.839.106,00	-42.300.000,00
Belgian State	214.651.228,20	0,00	0,00
Eurofima	25.473.276,37	0,00	0,00
Without CSA	240.124.504,57	0,00	0,00
Total	-166.659.950,88	326.839.106,00	-42.300.000,00

2.2.6 Framework contracts and similar

The SNCB Group already concludes its derivative financial instruments according to the framework agreement of the International Swaps and Derivatives Association (ISDA). 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 due to the fact that the SNCB Group does not currently have a legally enforceable right to offset the 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 SNCB Group, together 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 SNCB Group cannot meet its financial obligations is limited because the SNCB Group:

- disposes of sufficient liquidities. The SNCB Group has, at the end of 2017, 208.065.524,29 EUR (2016: 82.040.216,16 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 (2016: 35 million EUR; 2015: 35 million EUR) credit facilities available, supplemented by (unconfirmed) commercial paper (2017: 4 billion EUR; 2016: 4 billion EUR);
- concluded a credit line (600 million EUR) at the end of 2017 (2016 200 million EUR) with the European Investment bank allowing to conclude long-term financing;
- has the ability to request the State guarantee for funding made by the parent company for an amount up to 1.138.007.506,22 EUR;
- provides for the spreading of the net debt maturities over time, according to its financial policy. Thus a maximum of 20% of the outstanding debt may mature in a given year, with a maximum of 10% of the debt per quarter.

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

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

	Carrying amount	Contractual cash flows *	< 6 months	6-12 months	1-2 year	2-5 years	> 5 year
* Including interest payments							
31 December 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	3.336.973.981,33	3.926.888.511,33	393.645.650,22	141.894.147,84	261.544.979,21	1.240.478.822,60	1.889.324.911,46
Derivatives	406.584.097,73	430.698.018,97	286.528,29	27.347.442,07	-48.979.854,59	138.156.373,75	313.887.529,45
Trade and other payables	396.340.724,24	396.340.724,24	394.493.335,98	176.911,45	920.279,22	750.197,59	0,00
Other amounts payable	259.000.003,73	258.836.596,59	108.520.941,46	58.738.985,88	54.488.490,62	34.792.948,22	2.295.230,41
Total financial liabilities	4.398.898.807,03	5.012.763.851,13	896.946.455,95	228.157.487,24	267.973.894,46	1.414.178.342,16	2.205.507.671,32
Total	-2.808.673.712,51	-3.008.550.350,44	-688.367.457,99	-192.551.804,90	-219.007.251,11	-998.071.961,29	-910.551.875,15
* Including interest payments							
31 December 2016							
Financial assets							
Trade and other receivables	562.213.635,53	784.083.068,00	19.481.068,00	30.035.000,00	41.926.000,00	125.778.000,00	566.863.000,00
Derivatives	299.438.765,61	-327.603,92	3.306.132,30	3.037.812,59	5.874.585,90	-15.373.369,02	2.827.234,31
Other financial assets	598.034.115,88	1.043.097.401,73	31.353.293,07	280.545,29	7.617.131,36	133.096.101,47	870.750.330,54
Cash and cash equivalents	224.061.719,64	224.061.719,64	224.061.719,64	0,00	0,00	0,00	0,00
Total financial assets	1.683.748.236,66	2.050.914.585,45	278.202.213,01	33.353.357,88	55.417.717,26	243.500.732,45	1.440.440.564,85
Financial liabilities							
Financial liabilities	3.532.535.287,03	4.172.115.733,75	644.471.427,87	26.206.351,24	164.044.525,80	924.594.242,58	2.412.799.186,26
Derivatives	466.098.716,49	417.366.149,90	5.868.398,14	35.356.065,79	38.179.756,82	-44.887.118,84	382.849.047,99
Trade and other payables	373.606.826,12	373.118.065,18	370.312.952,74	2.132.058,59	392.410,80	-11.153,00	291.796,05
Other amounts payable	334.146.406,23	384.679.748,79	120.892.138,71	42.976.435,34	76.055.168,17	75.960.427,48	68.795.579,09
Total financial liabilities	4.706.387.235,87	5.347.279.697,62	1.141.544.917,46	106.670.910,96	278.671.861,59	955.656.398,22	2.864.735.609,39
Total	-3.022.638.999,21	-3.296.365.112,17	-863.342.704,45	-73.317.553,08	-223.254.144,33	-712.155.665,77	-1.424.295.044,54

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	51.885.762,55
Total	70.517.643,31	380.853.510,49	66.317.165,19
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	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	276.042.433,77	23.396.331,84
Other	0,00	87.113.868,18	0,00
Available-for-sale financial assets	0,00	0,00	51.274.180,31
Total	79.218.214,56	396.758.013,68	74.670.512,15
Liabilities			
Financial liabilities at fair value through profit or loss			
Financial liabilities	0,00	0,00	148.968.925,58
Derivatives	0,00	468.175.661,02	-2.076.944,53
Other	0,00	2.076.676,41	0,00
Total	0,00	470.252.337,43	146.891.981,05

The fixed income securities (and liabilities) measured at fair value include investments (and liabilities) for which the SNCB Group decided at the time of initial recognition to recognise them as "measured at fair value through profit and loss". 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 SNCB Group no longer has a representative number of listed fixed income securities (Bonds). The SNCB Group no longer disposes of market data as defined in paragraph 81 and 82 of IFRS 13 in order to value at fair value the liabilities voluntarily 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 SNCB Group establishes an estimate of the credit margin applicable to it in relation to the financing cost of the Belgian State and which enables it to make a realistic estimate of the valuation curve for these assets.

Changes in level 3 financial instruments

EUR

Assets

Balance at 1 January 2017	74.670.512,15
Disposals	-8.151,62
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
Balance at 31 December 2017	66.317.165,19

Liabilities

Balance at 1 January 2017	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
Balance at 31 December 2017	126.007.219,94

Note 3 – Critical accounting estimates and significant judgements

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

3.1 Impairment of Property, plant and equipments

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

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

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

This analysis continued in 2017 and impairment tests were carried out on certain land, including some land around the stations for which development projects exist. These lands have been evaluated by an external firm. Their fair value is generally higher than their carrying amount, with the exception of two projects for which an impairment loss of EUR 3.5 million was recorded as at 31 December 2017. Please refer to Note 6.1. Property, plant and equipments.

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

3.2 Fair value of derivatives and other financial instruments

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

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

3.3 Employee benefits

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

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

The non-current assets held for sale are valued at the lowest between their carrying value and their fair value less costs to sell. On 31 December 2017 and 31 December 2016, the fair value is calculated based on present value of future cash flows. These calculations are based on estimates and assumptions relative to growth rates, discount rates and future cash flows.

3.5 Useful life of property, plant and equipment

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

3.6 Deferred tax: recovery of deferred tax assets

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

3.7 Provisions

The SNCB Group recognizes provisions when there is a legal or constructive obligation towards a third party that will result in an outflow of resources and that can be estimated reliably. The amounts recognized are based on the best possible estimate of the analysis performed at the time of closing the accounts.

Provisions for soil decontamination

The provisions for soil decontamination cover the costs that the SNCB Group has to support, legally or in the interests of her general policy, to deliver soil certificates or to fulfil decontamination obligations. This provision is ventilated per nature of expense and per site and is calculated on the basis of potential techniques used for the decontamination of the environment and on the basis of the best estimates of the SNCB Group in terms of costs and timing of the realisation.

Provisions for legal claims

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

Note 4 – Consolidation scope of the SNCB Group

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

Name	Share of voting rights in %at		Share of equity holders of non-controlling interest in the voting right in %		Net result (consolidated) attributed to the non-controlling holders		Headquarters location	Company/VAT number
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016		
Blue Mobility	(*) 51,83	51,83	(*) 48,17	48,17	23.222,93	22.388,63	Anvers	BE 0832.369.965
B-Parking	100,00	100,00	0,00	0,00	0,00	0,00	Bruxelles	BE 0899.438.834
De Leew e ll	100,00	100,00	0,00	0,03	0,00	-20,97	Bruxelles	BE 0476.491.021
Eurogare	75,00	75,00	25,00	25,00	66.478,10	65.641,27	Liège	BE 0451.150.562
Eurostation	100,00	99,97	0,00	0,03	0,00	4.616,87	Bruxelles	BE 0446.601.757
Publifer	100,00	-	0,00	-	0,00	0,00	Bruxelles	BE 0402.695.993
Raitour	95,44	95,44	4,56	4,56	6.107,40	6.382,43	Bruxelles	BE 0402.698.765
Schelde-Landschaps park (SLP)	50,00	50,00	50,00	50,02	2.398,65	1.542,06	Bornem	BE 0824.816.833
SOBRU	100,00	100,00	0,00	0,03	0,00	23,55	Bruxelles	BE 0830.459.758
SPV LLN	-	100,00	0,00	0,00	0,00	0,00	Bruxelles	BE 0826.478.107
Train World	100,00	100,00	0,00	0,00	0,00	0,00	Bruxelles	BE 0632.739.017
Transurb	-	92,00	-	8,00	(***) 5.307,85	-27.057,23	Bruxelles	BE 0413.393.907
YPTO	100,00	100,00	0,00	0,00	0,00	0,00	Bruxelles	BE 0821.220.410

(*) Subsidiary classified as non current asset held for sale and associated liabilities at 31 December 2017

(***) Share of net result until the 20th juli 2017 date of the sale of the 82%

The following events occurred within the SNCB Group in 2017 and concerned subsidiaries:

- On 17 February 2017, following SNCB's desire to internalize in the Group the advertising activity on the railway floor, SNCB bought back the 50% of the shares held by the other shareholder in Publifer, thus becoming the sole shareholder of this subsidiary. This interest, consolidated using the equity method with a 50% controlling interest rate up to 31 December 2016, is fully consolidated at 100% from 2017 onwards. See Note 16. Business Combinations.
- On 21 March 2017, an agreement was signed between Transurb, Infrabel and SNCB providing for the purchase by SNCB of Tuc Rail's share in Eurostation (representing 0.03% of Eurostation's share capital) thereby increasing its interest to 100% in Eurostation. This share was sold to B-Parking on February 13, 2018.
- On 30 June 2017, a sales agreement was signed between SNCB and CMI for the acquisition by CMI of 82% of Transurb, a 92% subsidiary of SNCB. The contract provides for a put option of the remaining 10% exercisable by SNCB from 30 June 2020 until 5 years after the closing date. Given this sale with loss of control and in application of IFRS 5, this interest is transferred to non-current assets held for sale in 2017. Immediately after this transfer, on 20 July 2017, the sale of the 82% CMI has been completed (see Note 15. Non-current assets classified as held for sale). SNCB retains an interest of 10% in Transurb (EUR 619.733,86) booked under Other financial assets (see Note 12. Other financial assets).
- The company Blue Mobility, in which B-Parking holds 51.83% of the capital, is classified as a non-current asset held for sale and associated liabilities as of 31 December 2017. Negotiations for its sale are ongoing.

- SNCB carried out the merger by absorption of the SPV LLN with effect from 1 October 2017. The SPV LLN was created on 3 June 2010 pursuant to a contract between the Federal State, the Walloon Region and the former -SNCB Holding which provided for the pre-financing via SPV LLN of the construction of a parking at the Louvain-la-Neuve station.

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

Name	Share of voting rights in % at		Share of equity holders of non-controlling interests in the voting right in %		Net result (consolidated) attributed to the non-controlling holders		Headquarters location	Company/VAT number
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016		
ATO	-	50,00	-	0,00	-	0,00	Anvers	BE 0882.650.114
Belgian Mobility Card	(*) 25,00	25,00	0,00	0,00	0,00	0,00	Bruxelles	BE 0822.658.483
Belgorail	-	33,33	-	2,67	(**) -1.557,90	9.762,03	Bruxelles	BE 0865.739.846
BeNe Rail International	50,00	50,00	0,00	0,00	0,00	0,00	Bruxelles	BE 0479.863.354
Eurofima Joint-Stock Cie (Swiss law)	9,80	9,80	0,00	0,00	0,00	0,00	Bâle	-
Group Lineas	31,12	31,12	0,00	0,00	0,00	0,00	Bruxelles	BE 0822.966.806
Hasselt stations omgeving	50,00	50,00	0,00	0,02	0,00	87,70	Hasselt	BE 0862.570.223
K. EUR Development	50,00	50,00	0,00	0,02	0,00	-0,86	Anvers	BE 0651.617.195
Optimobil Belgium	24,01	24,01	0,00	0,00	0,00	0,00	Bruxelles	BE 0471.868.277
Publifer	-	50,00	-	0,00	0,00	0,00	Bruxelles	BE 0402.695.993
Railteam (Dutch law)	10,00	10,00	0,00	0,00	0,00	0,00	Amsterdam	NL 818547182B01
Terminal Athus	(***) 25,42	25,42	0,00	0,00	0,00	0,00	Athus	BE 0419.149.074
Thalys International	28,00	28,00	0,00	0,00	0,00	0,00	Bruxelles	BE 0455.370.557
THI Factory	40,00	40,00	0,00	0,00	0,00	0,00	Bruxelles	BE 0541.696.005
Tuc Rail	-	25,00	-	2,00	-	6.506,53	Bruxelles	BE 0447.914.029
HR Rail	(****) 20,00	20,00	0,00	0,00	0,00	0,00	Bruxelles	BE 0541.691.352

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

(**) Share of net result until the 27th juli 2017 date of the sale of Belgorail

(***) Company classified as non current assets held for sale and associated liabilities at 31 December 2016 and 31 December 2017

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

The following events concerning the entities accounted for under the equity method took place in 2017 within the SNCB Group:

- On 24 August 2017, SNCB sold the 50% it held in ATO.
- Transurb sold its 33.33% interest in Belgorail.
- Following the acquisition by SNCB of the shares held by Clear Channel Belgium in Publifer, this subsidiary is now 100% owned by SNCB and is consolidated globally from 2017.
- On 21 March 2017, an agreement was signed between Transurb, Infrabel and SNCB providing for the sale by Transurb to Infrabel of its shares in Tuc Rail (200 shares representing 25% of the capital of Tuc Rail).

Note 5 – Intangible assets

5.1 Intangible assets

	31/12/2017	31/12/2016
Goodwill	847.198,82	0,00
Intangible assets - other - internally generated	216.535.116,68	256.544.163,62
Intangible assets - other - acquired from third parties	1.439.466,05	1.043.064,65
Carrying value	218.821.781,55	257.587.228,27

Other than goodwill	31/12/2017	31/12/2016
Intangible assets financed by grants	207.013.061,21	246.347.005,80
Intangible assets not financed by grants	10.961.521,52	11.240.222,47
Carrying value	217.974.582,73	257.587.228,27

Of which:

	31/12/2017	31/12/2016
SNCB	218.195.323,74	256.568.223,86
Subsidiaries	626.457,81	1.019.004,41
Carrying value	218.821.781,55	257.587.228,27

5.1.1 Intangible assets – Goodwill

	Goodwill - global integration	Goodwill - other	Total
	Notes		
Carrying value at 1 January 2016	0,00	0,00	0,00
Individual acquisitions			0,00
Acquisitions through business combinations			0,00
Disposals			0,00
Transfer to			
non-current assets held for sale			0,00
other categories within the section			0,00
other transfer			0,00
Impairment losses			0,00
Change in the consolidation scope - Acquisition value	-4.216.256,56		-4.216.256,56
Change in the consolidation scope - Accumulated amortization	4.216.256,56		4.216.256,56
Exchange differences			0,00
Other movements			0,00
Carrying value at 31 December 2016	0,00	0,00	0,00
Carrying value at 1 January 2017	0,00	0,00	0,00
Individual acquisitions	6.302,39		6.302,39
Acquisitions through business combinations	840.896,43		840.896,43
Disposals			0,00
Transfer to			
non-current assets held for sale			0,00
other categories within the section			0,00
other			0,00
Impairment losses			0,00
Change in the consolidation scope - Acquisition value			0,00
Change in the consolidation scope - Accumulated amortization			0,00
Exchange differences			0,00
Other movements			0,00
Carrying value at 31 December 2017	847.198,82	0,00	847.198,82

The change in the consolidation scope in 2016 concerns the goodwill recognized on the participation in Foncière Rue de France, this company merged with the SNCB as of 1 January 2016.

The goodwill of EUR 840.896,43 booked in 2017 on the participation in Publifer follows the acquisition by SNCB, through a business combination, of 50% held by the other Publifer shareholder. We refer you to note 16. Business Combinations for more details on this business combination achieved in stages (step acquisitions).

	Goodwill - global integration	Goodwill - other	Total
At 31 December 2016			
Acquisition value	49.591.761,91		49.591.761,91
Accumulated impairment losses	-49.591.761,91		-49.591.761,91
Carrying value at 31 December 2016	0,00	0,00	0,00
At 31 December 2017			
Acquisition value	50.301.604,29		50.301.604,29
Accumulated impairment losses	-49.454.405,47		-49.454.405,47
Carrying value at 31 December 2017	847.198,82	0,00	847.198,82

5.1.2 Intangible assets – Other than goodwill

	Internally generated			Acquired from third parties		
	Software	Others	Total	Software	Others	Total
Carrying value at 1 January 2016	262.032.032,65	0,00	262.032.032,65	1.622.128,27	122.303,24	1.744.431,51
Individual acquisitions	6.900.905,44		6.900.905,44	71.089,38	25.209,96	96.299,34
Acquisitions through business combinations			0,00			0,00
Internally generated	36.487.543,95		36.487.543,95	9.504,13		9.504,13
Borrowing cost			0,00			0,00
Disposals			0,00		-9.555,00	-9.555,00
Transfer to:			0,00			0,00
non-current assets held for sale			0,00		-120.000,00	-120.000,00
other categories within the section			0,00			0,00
to/from intangible/tangible properties	-29.881,93		-29.881,93			0,00
other			0,00		18.214,50	18.214,50
Impairment losses	-864.850,02		-864.850,02			0,00
Reversal of impairment losses			0,00			0,00
Amortization of the period	-47.981.586,47		-47.981.586,47	-695.829,83		-695.829,83
Carrying value at 31 December 2016	256.544.163,62	0,00	256.544.163,62	1.006.891,95	36.172,70	1.043.064,65
Carrying value at 1 January 2017	256.544.163,62	0,00	256.544.163,62	1.006.891,95	36.172,70	1.043.064,65
Individual acquisitions	6.563.040,42		6.563.040,42	223.224,28		223.224,28
Acquisitions through business combinations			0,00		979.540,82	979.540,82
Internally generated	24.836.357,88		24.836.357,88			0,00
Borrowing cost			0,00			0,00
Disposals			0,00		-16.813,85	-16.813,85
Transfer to:			0,00			0,00
non-current assets held for sale		0,00	0,00	-229.820,27		-229.820,27
other categories within the section			0,00	25.209,96	-25.209,96	0,00
to/from intangible/tangible properties			0,00	199.915,00		199.915,00
other			0,00		15.133,58	15.133,58
Impairment losses	-19.085.194,70		-19.085.194,70			0,00
Reversal of impairment losses			0,00			0,00
Amortization of the period	-52.323.250,54		-52.323.250,54	-598.963,11	-175.815,05	-774.778,16
Carrying value at 31 December 2017	216.535.116,68	0,00	216.535.116,68	626.457,81	813.008,24	1.439.466,05

The transfer of -229.820,27 EUR to non-current assets held for sale concerns the subsidiary Transurb (-11.352,05 EUR), of which all assets (and liabilities) are classified as held for sale until its effective disposal on 20 July 2017 and the subsidiary Blue Mobility (-218.468,22 EUR), of which all assets (and liabilities) are classified as held for sale at 31 December 2017.

The other transfers of intangible assets as of December 31st 2017 (15.133,58 EUR) are related to the green certificates received by the SNCB as a consequence of the installation of solar panels. In 2017, 230 green certificates have been sold for 18.002,00 EUR, generating a capital gain of 1.188,15 EUR.

Impairment losses recognized in 2017 on internally developed software of EUR 19.085.194,70 include an amount of EUR 19.041.826,44 including EUR 12.800.153,95 for the NDS project and EUR 6.241.672,49 for the Dice project following the (partial) waiver of these two investment projects which were essentially under development. On 3 October 2017, SNCB decided to partially stop 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 (EUR 12,800,153.95) while expenditure for 2017 has been recognized as an expense (EUR 6,493,338.31). For the components of the NDS system that will still be used after 2017 (corresponding to an amount of EUR 10,453,890.72 as of 31 December 2017), they will be amortized from 2018 on the basis of their remaining useful life. SNCB 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 (EUR 6,341,672.49 via intangible assets and EUR 2,518,203.94 via property, plant and equipment) while expenditure in 2017 has been recognized as an expense (EUR 3,475,810.84). As the NDS and DICE projects are almost fully financed through government grants, investment grants have been recognized in result for almost equal amounts.

	Internally generated			Acquired from third parties		
	Software	Others	Total	Software	Others	Total
At 31 December 2016						
Acquisition value	500.346.118,87	5.000,00	500.351.118,87	8.329.830,57	813.667,15	9.143.497,72
Accumulated amortization	-239.153.142,37	-5.000,00	-239.158.142,37	-6.743.087,48	-177.494,45	-6.920.581,93
Accumulated impairment losses	-4.648.812,88		-4.648.812,88	-579.851,14	-600.000,00	-1.179.851,14
Carrying value at 31 December 2016	256.544.163,62	0,00	256.544.163,62	1.006.891,95	36.172,70	1.043.064,65
At 31 December 2017						
Acquisition value	531.225.879,63	0,00	531.225.879,63	7.945.803,46	1.805.630,26	9.751.433,72
Accumulated amortization	-291.924.558,68	0,00	-291.924.558,68	-7.319.345,65	-992.622,02	-8.311.967,67
Accumulated impairment losses	-22.766.204,27		-22.766.204,27	0,00		0,00
Carrying value at 31 December 2017	216.535.116,68		216.535.116,68	626.457,81	813.008,24	1.439.466,05

5.1.3 Intangible assets - finance lease

	Software	Others	Total in finance lease
At 31 December 2016			
Acquisition value	1.059.956,16		1.059.956,16
Accumulated amortization	-635.973,69		-635.973,69
Accumulated impairment losses	0,00		0,00
Carrying value at 31 December 2016	423.982,47	0,00	423.982,47
At 31 December 2017			
Acquisition value	1.059.956,16		1.059.956,16
Accumulated amortization	-847.964,92		-847.964,92
Accumulated impairment losses			0,00
Carrying value at 31 December 2017	211.991,24	0,00	211.991,24

Software held under finance leases as at 31 December 2016 and 31 December 2017 relate to the subsidiary YPTO.

5.1.4 Other information related to intangible assets

Carrying value of intangible assets	31/12/2017	31/12/2016
Whose ownership is subject to restriction given guarantee for debts		
Total	0,00	0,00

Carrying value of intangible assets	31/12/2017	31/12/2016
Acquired through grants		
Softwares - internally generated	207.013.061,21	246.333.908,30
Softwares - acquired from third parties	0,00	13.097,50
Total	207.013.061,21	246.347.005,80

As per 31 December 2017, 94,6% of the intangible assets of the SNCB Group are acquired through government grants. Total amount of subsidised intangible assets relates to SNCB. 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 tested for impairment losses (see NDS and DICE above).

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

Note 6 – Property, plant and equipment

6.1 Property, plant and equipment

	Land	Buildings	Railway Infrastructure	Railway rolling stock	Plant and various equipment	Assets under construction	Total
Carrying value at 1 January 2016	895.281.208,82	773.957.454,47	45.812.141,39	4.034.780.569,91	194.230.110,12	987.275.071,76	6.931.336.556,47
Individual acquisitions		577.159,32			513.585,13	285.251.538,80	286.342.283,25
Acquisitions through business combinations							0,00
Internally generated					26.590,88	195.912.456,33	195.939.047,21
Borrowing cost						66.004,62	66.004,62
Transfer to:							
non-current assets held for sale	-4.689.136,21	-17.995.921,81	-454.226,74	-4.073.521,68	-611.912,73	-936.465,88	-28.761.185,05
other category within this class	227.443,07	211.566.233,78	11.454.551,01	131.689.738,73	39.860.062,62	-394.798.029,21	0,00
from/to intangible assets and investment property	-19.971.256,68	-1.503.496,45		29.881,93	669.758,95	-6.042.537,23	-26.817.649,48
other					-17.873,70	8.072.473,83	8.054.600,13
Impairment losses	-86.644.172,93	-1.062.303,98	-49.495,56	-32.947.963,19	-3.153.173,60		-123.857.109,26
Reversal of impairment losses							0,00
Depreciation		-45.318.678,63	-2.843.506,67	-246.110.173,63	-28.638.080,25	0,00	-322.910.439,18
Excess		132.559,50	690.923,22		30.334,29		853.817,01
Other	71.012,89	7.675.816,72					7.746.829,61
Carrying value at 31 December 2016	784.275.098,96	928.028.822,92	54.610.386,65	3.883.368.532,07	202.909.401,71	1.074.800.513,02	6.927.992.755,33
Carrying value at 1 January 2017	784.275.098,96	928.028.822,92	54.610.386,65	3.883.368.532,07	202.909.401,71	1.074.800.513,02	6.927.992.755,33
Individual acquisitions		1.199.580,77			561.915,06	283.330.045,36	285.091.541,19
Acquisitions through business combinations					6.741.322,53		6.741.322,53
Acquisitions financial lease					5.276.567,00		5.276.567,00
Internally generated					281.395,83	195.875.227,20	196.156.623,03
Borrowing cost						134.935,18	134.935,18
Disposals					-46.378,79	-6.100,00	-52.478,79
Transfer to:							
non-current assets held for sale	-742.410,14	-962.377,95		-265.163,57	-519.943,83	-16.141,15	-2.506.036,64
other category within this class	959.533,20	107.730.676,57	12.909.662,98	126.454.347,66	50.778.609,58	-298.832.829,99	0,00
from/to intangible assets and investment property	34.667,64	-31.938.961,10			-93.625,00	-3.098.791,21	-35.096.709,67
other				1.875.708,14	27.375,00	306.098,88	2.209.182,02
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		-47.621.454,73	-3.013.968,46	-246.847.294,77	-28.644.412,91		-326.127.130,87
Excess		94.848,65			78.138,71		172.987,36
Carrying value at 31 December 2017	781.709.906,78	955.556.378,10	64.388.444,19	3.745.803.465,07	235.496.210,76	1.252.492.957,29	7.035.447.362,19

As of 31 December 2017, individual acquisitions (including capitalized production) mainly concern SNCB and include:

- investments in rolling stock, in particular major overhauls and modernisations of electric and diesel railcars, locomotives and cars for EUR 115.537.109,39, acquisition of M7 equipment for EUR 78.685.817,78, the adaptation of rolling stock for ETCS for EUR 12.347.739,34, the purchase of spare parts for EUR 5.778.739,05 and the fitting of 12 Traxx locomotives (EL 28) for 3.328.735,91 EUR;
- investments in reception (stations and car parks), including the continuation of very large projects such as Gand Saint-Pierre for 15.315.488,56 EUR, Mons for 13.611.973,73 EUR, Brussels North for 13.064.740,68 EUR, Malines for 7.502.827,16 EUR but also achievements in many other stations in the country (buildings, car parks, platform upgrades, ...) including Brussels Midi for 3.582.975,34 EUR;
- investments in workshops, in particular those of Melle (EUR 23.642.209,63), Kinkempois (EUR 20.478.227,95), Hasselt (EUR 11.426.658,20), Malines (9.367.354,05 EUR), Schaarbeek (8.327.533,04 EUR) or Salzinnes (4.833.784,57 EUR);

- an amount of EUR 11.232.380,01 consecutive to the "dadingsovereenkomst" concluded on 10 November 2017 between SNCB and Infrabel. In its Article 2§1, this contract provides for the transfer of Infrabel's investments to SNCB for the projects that concern it, following the change in the scope of activities of these two companies after the reform of 1 January 2014. The subsidies include (EUR 11.232.380,01) have also been transferred to SNCB.

The acquisitions through business combination in 2017 of EUR 6.741.322,53 relate to Publifer. We refer you to note 16. Business Combinations for more details on this business combination achieved in stages (step acquisitions).

Transfers to non-current assets held for sale in 2017 include EUR 95.415,87 for Blue Mobility and EUR 726.896,51 for Transurb. Indeed, all the assets (and liabilities) of these companies are classified as held for sale (as of 31 December 2017 for Blue Mobility and until 20 July 2017 for Transurb). We refer you to Note 15. Non-current assets held for sale and related liabilities.

Transfers within this class in 2017 include an amount of EUR 32.000.000 (funded by the Walloon Region) transferred from the Fixed assets under construction to Constructions following the completion of the construction of the car park at the station of Louvain-la-Neuve. On 1 October 2017, SNCB carried out the merger by absorption of SPV LLN, created on 3 June 2010 pursuant to a contract between the Federal State, the Walloon Region and the former SNCB Holding.

Transfers from Property, plant and equipment (construction) to investment properties in 2017 mainly concern SNCB and are the consequence of an analysis based on occupancy rates for own use of buildings as of 31 December 2017 (the main transfers concern the Liège railway station building 18.298.347,12 EUR and the Brussels Midi station building 3.769.697,96 EUR).

Other transfers in 2017 include an amount of EUR 1.875.708,14 transferred from inventories to Rail Rolling Stock. It concerns the SNCB and is linked to the activation of important spare parts relating to certain types of rolling stock as they fulfil the activation criteria as tangible fixed assets.

Impairment losses recognized in 2017 also include 14.310.062,98 EUR for the decommissioning of SNCB rolling stock (railcars, locomotives and cars) and 2.518.203,94 EUR for the complete waiver of the investment project DICE by SNCB (See Note 5. Intangible assets). In 2017, impairment tests were carried out on certain land, including some lands located around the stations and for which development projects exist. These lands have been evaluated by an external firm. Their fair value is generally higher than their carrying value, with the exception of two projects for which an impairment loss of EUR 3,5 million was recognized as at 31 December 2017. In 2016, an impairment test was performed by internal experts on SNCB land that had been measured at fair value on January 1, 2014 under IFRS 1 - First-Time Adoption of IFRS. Following a change in valuation techniques, impairment losses of EUR 145.893.397,94 were recognized as of 31 December 2016 (EUR 86.644.172,93 on land classified as property, plant and equipment, EUR 58.528.141,93) on land classified as investment property and EUR 721.083,08 on land classified as non-current assets held for sale).

	Land	Buildings	Railway infrastructure	Railway rolling stock	Plant and various equipment	Assets under construction	Total
At 31 December 2016							
Acquisition value	868.409.579,76	1.672.474.197,68	159.970.505,63	6.547.071.905,74	593.500.511,59	1.074.800.513,02	10.916.227.213,42
Accumulated amortization		-737.008.277,76	-88.116.155,77	-2.654.916.938,30	-382.560.232,92		-3.862.601.604,75
Accumulated impairment losses	-84.134.480,80	-7.437.097,00	-17.243.963,21	-8.786.435,37	-8.030.876,96		-125.632.853,34
Carrying value at 31 December 2016	784.275.098,96	928.028.822,92	54.610.386,65	3.883.368.532,07	202.909.401,71	1.074.800.513,02	6.927.992.755,33
At 31 December 2017							
Acquisition value	868.361.649,77	1.739.919.977,93	168.317.838,12	6.617.646.490,05	622.745.139,27	1.252.492.957,29	11.269.484.052,43
Accumulated amortization		-774.347.447,28	-87.643.470,84	-2.861.296.992,54	-379.060.131,86		-4.102.348.042,52
Accumulated impairment losses	-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	781.709.906,78	955.556.378,10	64.388.444,19	3.745.803.465,07	235.496.210,76	1.252.492.957,29	7.035.447.362,19

Of which:

	31/12/2017	31/12/2016
SNCB	7.010.363.444,71	6.887.400.470,51
Subsidiaries	25.083.917,48	40.592.284,82
Carrying value	7.035.447.362,19	6.927.992.755,33

As per 31 December 2017 SNCB holds 99,6% of the total consolidated property, plant and equipment of the SNCB Group.

The capitalisation rate used to determine the amounts of borrowing costs eligible for capitalisation under property, plant and equipment amounts to 2,11% in 2017 and 2,30% in 2016.

6.2 Property, plant and equipment: finance leases

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

	Buildings	Installations and various equipment
At 31 December 2016		
Acquisition value	15.502.546,24	282.186,63
Accumulated amortization	-1.841.801,71	-282.186,63
Accumulated impairment losses	-5.959.691,46	
Carrying value at 31 December 2016	7.701.053,07	0,00
At 31 December 2017		
Acquisition value	15.502.546,24	5.558.753,63
Accumulated amortization	-2.079.371,27	-633.957,76
Accumulated impairment losses	-5.959.691,46	
Carrying value at 31 December 2017	7.463.483,51	4.924.795,87

6.3 Other information related to property, plant and equipment

Carrying value of property, plant and equipment	31/12/2017	31/12/2016
Whose ownership is given guarantee 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 are mainly held by SNCB. They mainly include rolling stock (1.980.010.534,60 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 values of property, plant and equipment	31/12/2017	31/12/2016
Acquired through grants		
Land	41.480.434,62	40.520.901,42
Buildings	883.020.299,38	851.000.518,16
Railway 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	1.231.456.331,01	1.026.718.210,74
Total	5.820.583.652,33	5.656.957.389,12

As per 31 December 2017, 82,7% (81,6% in 2016) property, plant and equipment is funded by government grants which fully relate to the SNCB.

Note 7 – Investment property

7.1 Investment property

	Land	Buildings	Total
Note			
Carrying value at 1 December 2016	368.996.434,04	79.025.121,34	448.021.555,38
Acquisitions	471.404,38	2.039.233,29	2.510.637,67
Internally generated		5.398,60	5.398,60
Disposals	-101.754,96	-4.025.704,99	-4.127.459,95
Borrowing cost			0,00
Transfer to:			
non-current assets held for sale	-5.245.205,19	-13.585,60	-5.258.790,79
intangible and tangible assets	19.297.843,09	7.549.688,32	26.847.531,41
other category within this class	492,85	-492,85	0,00
other	719.977,19		719.977,19
Impairment losses	-58.530.822,07	-1.422,92	-58.532.244,99
Reversal of impairment losses			0,00
Depreciation		-4.150.869,90	-4.150.869,90
Carrying value at 31 December 2016	325.608.369,33	80.427.365,29	406.035.734,62
Carrying value at 1 December 2017	325.608.369,33	80.427.365,29	406.035.734,62
Acquisitions		1.279.109,61	1.279.109,61
Internally generated		237,29	237,29
Disposals	-212.505,89		-212.505,89
Borrowing cost			0,00
Transfer to:			
non-current assets held for sale	-1.722.266,31	-107.646,43	-1.829.912,74
intangible and tangible assets	501.411,27	34.395.383,40	34.896.794,67
other category within this class			0,00
other	236,87		236,87
Impairment losses	-2.610.435,88	-3.578,70	-2.614.014,58
Reversal of impairment losses	1.800.568,71		1.800.568,71
Depreciation		-7.884.518,49	-7.884.518,49
Carrying value at 31 December 2017	323.365.378,10	108.106.351,97	431.471.730,07

In 2017, transfers of EUR 34.896.794,67 from tangible assets relate almost exclusively to SNCB and are the consequence of an analysis based on occupancy rates for own use of buildings as at 31 December 2017 (see Note 6.1. Property, plant and equipment).

The impairment losses recognized on investments in land in 2016 almost only relate to land of the SNCB (for 58.528.141,93 EUR). As per 31 December 2016 impairment losses have been recognized on land that has been the subject of a measurement at fair value at the moment of transition to IFRS on 1 January 2014 (see note 6.1 Property, plant and equipment).

	Land	Buildings	Total
At 31 December 2016			
Acquisition value	379.566.783,46	200.024.631,79	579.591.415,25
Accumulated amortization		-116.228.260,04	-116.228.260,04
Accumulated impairment losses	-53.958.414,13	-3.369.006,46	-57.327.420,59
Carrying value at 31 December 2016	325.608.369,33	80.427.365,29	406.035.734,62
At 31 December 2017			
Acquisition value	378.358.612,95	235.941.659,54	614.300.272,49
Accumulated amortization		-127.078.669,87	-127.078.669,87
Accumulated impairment losses	-54.993.234,85	-756.637,70	-55.749.872,55
Carrying value at 31 December 2017	323.365.378,10	108.106.351,97	431.471.730,07

As per 31 December 2017 the SNCB holds 99,5% (429.124.359,79 EUR of a total of 431.471.730,07 EUR) of total consolidated investment property. The remaining part is held by its subsidiaries Eurostation (2.289.416,63 EUR) and Publifer (57.953,65 EUR).

7.2 Other information related to investment property

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

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

As per 31 December 2017, 21,5% of the investment property is funded by government grants and is only related to the SNCB.

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

Recognized in income for the period ending	31/12/2017	31/12/2016
Rental income	22.389.289,32	25.669.067,79
Direct operating expenses	10.676.289,48	11.525.408,43

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

	31/12/2017			31/12/2016		
	Lands	Buildings and land equipments	Total	Lands	Buildings and land equipments	Total
Cost	211.387.907,73	215.299.453,69	426.687.361,42	195.987.284,44	85.469.639,05	281.456.923,49
Accumulated depreciation at 1 January	-22.782.679,24	-109.287.446,42	-132.070.125,66	0,00	-46.314.421,77	-46.314.421,77
Depreciation of the year	-2.680,14	-6.994.082,40	-6.996.762,54	0,00	-3.200.420,67	-3.200.420,67
Carrying value at 31 December	188.602.548,35	99.017.924,87	287.620.473,22	195.987.284,44	35.954.796,61	231.942.081,05

Fair value of investment property

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

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

	Land	Buildings	Total
Fair value as at 31 December 2016	325.608.369,33	499.318.470,04	824.926.839,37
Fair value as at 31 December 2017	323.365.378,10	613.438.766,77	936.804.144,87

Note 8 – Interests under equity method

8.1 Interests under equity method

		31/12/2017	31/12/2016
	Notes		
Interests in joint ventures	8.2	5.614.940,36	7.654.800,43
Investments in associated companies	8.3	374.861.403,79	349.844.419,12
Carrying value		380.476.344,15	357.499.219,55

8.2 Interests in joint ventures

At 31 December 2017, the interests in joint ventures are as follows:

Name	Share in voting rights in %		Headquarters location	VAT/Company number	Activities
	31.12.2017	31.12.2016			
ATO	(*)	-	50,00	Antwerp	BE 0882.650.114 Logistics
Belgian Mobility Card	(**)	25,00	25,00	Brussels	BE 0822.658.483 Single transport ticket administrator
BeNe Rail International		50,00	50,00	Brussels	BE 0479.863.354 ICT (distribution international tickets)
K. EUR Development		50,00	50,00	Antwerp	BE 0651.617.195 Projects / studies real estate
Publifer		-	50,00	Brussels	BE 0402.695.993 Commercial advertising on railway property
Thalys International		28,00	28,00	Brussels	BE 0455.370.557 International transport
Tuc Rail		-	25,00	Brussels	BE 0447.914.029 Consulting firm

(*) company classified as non current asset held for sale and associated liabilities until its sale out of scope on the 24 July 2017

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

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

	31/12/2017	31/12/2016
Carrying value at beginning of period	7.654.800,43	10.916.522,99
Business Combinations	-973.266,02	
Changes in scope:		
joined the scope of consolidation		250.000,00
out of the scope of consolidation	-1.167.376,61	-1.324.871,75
additional subscriptions and loss of control (BMC)		278.385,47
Dividends paid		-250.000,00
Share in the net result of Interests under equity method	406.230,38	1.116.908,83
Other variations:		
transfers to non-current assets held for sale	-305.447,82	-3.332.145,10
roundings		-0,01
Carrying value at end of period	5.614.940,36	7.654.800,43

The business combination of EUR -973,266.02 relates to the interest in Publifer which was considered as a joint venture and which is consolidated globally from 2017 following the acquisition by SNCB of the 50% held by the other shareholder. We refer you to note 16. Business Combination for more details on this transaction.

The change in the consolidation scope (out) of EUR 1.167.376,61 relates to Transurb's interest in Tuc Rail (25%) sold to Infrabel on 21 March 2017.

The transfer of EUR 305.447,82 to non-current assets held for sale relates to ATO's 2017 result before its sale out of the scope on 24 August 2017. Its equity value of EUR 3.637.592,93, is classified as a non-current asset held for sale (see note 15. Non-current assets held for sale and related liabilities)

The SNCB Group's share in the financial statements and net income of the joint ventures as per 31 December 2017 is as follows:

	31/12/2017				Total
	BeNe RI	K.EUR Development	Belgian Mobility Card	Thalys International	
Share in the financial statement position of companies using the equity method					
Current assets	4.883.357,52	47.507.461,13	367.007,79	2.071.310,24	54.829.136,68
Non-current assets	2.548.181,15		59.767,18	139.228,89	2.747.177,22
Current liabilities	-3.248.366,14	-47.266.250,62	-66.363,19	-1.374.184,59	-51.955.164,54
Non-current liabilities				-6.209,00	-6.209,00
Net assets	4.183.172,53	241.210,51	360.411,78	830.145,54	5.614.940,36

WHICH:

Additional information (IFRS 12)

Cash & Cash Equivalents	1.235.623,22	836.661,09	318.880,07	1.213.323,45	3.604.487,83
Current financial liabilities					0,00
Non-current financial liabilities					0,00

Share of profit of investments accounted for using the equity method

Income	12.600.280,08		256.806,35	4.106.760,74	16.963.847,17
Expenses	-12.617.089,05	-5.930,78	-216.325,12	-4.023.719,66	-16.863.064,61
Net Income	-16.808,97	-5.930,78	40.481,23	83.041,08	100.782,56

Unrealised result

					0,00
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WHICH:

Additional information (IFRS 12)

Additions to depreciation, amortization and impairment losses	1.279.627,45		17.714,60	121.236,20	1.418.578,25
Financial income	158,28			378,45	536,73
Financial charges	8.514,00	1.695,28	60,11	3.463,46	13.732,85
Taxes on net income			20.811,31	79.419,28	100.230,59

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

Share in the financial statement position of companies using the equity method

	31/12/2016					
	BeNe RI	Publifer	Tuc Rail	Thalys International	Other Joint Ventures	Total
Current assets	5.947.200,88	3.321.775,70	40.952.242,92	2.137.910,20	17.214.042,56	69.573.172,26
Non-current assets	2.820.434,25	288.489,05	2.229.861,62	278.874,67	70.041,78	5.687.701,37
Current liabilities	-4.567.653,63	-2.636.998,73	-33.874.703,41	-1.577.167,49	-16.717.012,49	-59.373.535,75
Non-current liabilities			-8.140.024,53	-92.512,92		-8.232.537,45
Net assets	4.199.981,50	973.266,02	1.167.376,60	747.104,46	567.071,85	7.654.800,43

WHICH:

Additional information (IFRS 12)

Cash & Cash Equivalents	2.457.480,81	683.158,40	975.947,66	1.137.949,64	2.755.450,92	8.009.987,43
Current financial liabilities	250.000,00					250.000,00
Non-current financial liabilities						0,00

Share of profit of investments accounted for using the equity method

Income	12.605.170,43	4.776.963,27	27.146.805,89	4.337.926,72	232.562,65	49.099.428,96
Expenses	-12.498.791,07	-4.428.482,47	-27.065.474,25	-4.248.162,00	-227.321,00	-48.468.230,79
Net income	106.379,36	348.480,80	81.331,64	89.764,72	5.241,65	631.198,17

Other comprehensive income

	0,00	0,00	0,00	0,00	0,00	0,00
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WHICH:

Additional information (IFRS 12)

Additions to depreciation, amortization and impairment losses	1.512.038,31	37.355,54	634.472,67	181.587,48	17.478,22	2.382.932,22
Financial income	25,09	232,85	6.890,30	1.701,81		8.850,05
Financial charges	10.123,21	2.331,52	71.015,47	6.325,13	746,89	90.542,22
Taxes on net income		191.921,31	224.058,66	75.800,84	2.990,57	494.771,38

8.3 Interests in associates

Name	Share in voting rights in%		Headquarters location	VAT/Company number	Activities
	31.12.2017	31.12.2016			
Belgorail	-	33,33	Brussels	BE 0865.739.846	Monitoring and certification company within the railway sector
Eurofima Joint-Stock Cie (Swiss law)	9,80	9,80	Basel	-	Financing of rolling stock
Hasselt stationsomgeving	50,00	50,00	Hasselt	BE 0862.570.223	Projects / studies around Hasselt Station
HR Rail	(*) 20,00	20,00	Brussels	BE 0541.691.352	Personnel Management
Lineas Group	31,12	31,12	Brussels	BE0822.966.806	Freight
Optimobil Belgium	24,01	24,01	Brussels	BE 0471.868.277	Car rental
Railteam (Dutch law)	10,00	10,00	Amsterdam	NL 818547182B01	Alliance of European high speed rail operators
Terminal A thus	(**) 25,42	25,42	A thus	BE 0419.149.074	Logistics
THI Factory	40,00	40,00	Brussels	BE 0541.696.005	International transport

(*) HR Rail: held 49% of the capital but 20% of the voting rights by the shareholders' agreement. The equity method takes into account the participation percentage of 49%

(**) Company classified as non-current assets held for sale and the associated liabilities as on 31 December 2017

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

	31/12/2017	31/12/2016
Carrying value at beginning of period	349.844.419,12	357.399.507,61
out of the scope of consolidation	-718.457,25	-265.432,14
Dividends paid	-300.000,00	-2.583.746,52
Share in the net result of Interests under equity method	26.732.501,12	-1.135.968,59
Share in the other comprehensive income of interests under equity method	-33.711,21	-1.546.136,22
Other variations:		
transfers to non-current assets held for sale	-663.303,00	-2.023.804,99
other	-45,00	
roundings	0,01	-0,03
Carrying value at end of period	374.861.403,79	349.844.419,12

The change in the consolidation scope (out) and the dividends paid concern Belgorail. As part of the agreement to sell Transurb to CMI, Transurb sold its 33.33% interest in Belgorail on 27 July 2017.

The transfer to non-current assets held for sale concerns the 2017 result of Terminal Athus (EUR 663.303,00) because the sale negotiations about this company are still ongoing. The equity value of Terminal Athus at 31 December 2017, EUR 2.687.107,98, is classified as a non-current asset held for sale (see note 15 Non-current assets held for sale and associated liabilities).

The share of the SNCB Group in the statement of financial position and total comprehensive income of the relevant associates as per 31 December 2017 is:

	31/12/2017					
	Lines Group (ex B Logistics)	HR Rail	THI Factory	Eurofima	Other Associates	Total
Share in the financial statement position of companies using the equity method						
Current assets	45.675.281,85	238.589.955,10	48.785.066,32	152.147.086,53	692.153,84	485.889.543,64
Non-current assets	96.780.971,24	19.859.896,96	245.204.488,34	1.514.354.979,70	34.075,17	1.876.234.411,41
Current liabilities	-39.667.810,06	-221.043.393,07	-48.478.060,63	-2.160.793,08	-94.338,79	-311.444.395,63
Non-current liabilities	-38.001.656,51	-25.762.817,02	-3.850.706,20	-1.557.304.624,93	0,00	-1.624.919.804,66
Net assets	(*) 64.786.786,52	11.643.641,97	241.660.787,83	107.036.648,22	631.890,22	425.759.754,76

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

WHICH

Additional information (IFRS 12)

Cash & Cash Equivalents	6.940.877,32	90.954.361,17	11.106.258,22	151.468.169,18	568.113,73	261.037.779,62
Current financial liabilities		43.398.438,75			0,00	43.398.438,75
Non-current financial liabilities				1.477.376.414,70	0,00	1.477.376.414,70

Share of profit of investments accounted for using the equity method

Income	168.972.902,46	976.588.955,97	201.367.005,39	55.130.853,67	416.697,28	1.402.476.414,77
Expenses	-158.945.051,46	-976.139.278,74	-186.963.923,98	-53.960.888,43	-378.630,27	-1.376.387.772,88
Net Income	10.027.851,00	449.677,23	14.403.081,41	1.169.965,24	38.067,01	26.088.641,89
Other comprehensive income		-35.812,84		2.101,63		-33.711,21

WHICH

Additional information (IFRS 12)

Additions to depreciation, amortization and impairment losses	10.901.431,70	4.415.589,43	12.870.478,60	57.144,58	557,88	28.245.202,19
Financial income	26.586,74	3.736.386,96	1.378,93	54.014.681,94	10.956,33	57.789.990,90
Financial charges	1.605.329,77	363.969,27	81.499,64	52.527.247,26	1.898,72	54.579.944,66
Taxes on net income	-54.528,51	507.420,59	6.479.007,44		13.583,07	6.945.482,59

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

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

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

WHICH

Additional information (IFRS 12)

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

Share of profit of investments accounted for using the equity method

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

WHICH

Additional information (IFRS 12)

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

Note 9 – Trade and other receivables

9.1 Trade and other receivables

		Gross amount	31/12/2017 Impairment	Net amount	Gross amount	31/12/2016 Impairment	Net amount
Notes							
Non-current							
Trade receivables		8.316.781,92	0,00	8.316.781,92	19.317.751,41	0,00	19.317.751,41
Receivables on public authorities	35	1.404.781,92		1.404.781,92	2.107.172,88		2.107.172,88
Amounts relating to construction contracts	10	0,00		0,00	10.298.578,53		10.298.578,53
Other trade receivables		6.912.000,00		6.912.000,00	6.912.000,00		6.912.000,00
Other receivables		749.120.648,67	0,00	749.120.648,67	790.214.262,43	-1.291.065,97	788.923.196,46
Receivables on public authorities	35	648.156.525,62		648.156.525,62	683.091.170,54		683.091.170,54
Deferred charges		5.040,83		5.040,83	5.500,83		5.500,83
Accrued income		1,32		1,32			0,00
Finance lease receivables	9.3	100.353.579,50		100.353.579,50	106.360.628,46	-1.291.065,97	105.069.562,49
Other receivables		605.501,40		605.501,40	756.962,60		756.962,60
Total (non-current)		757.437.430,59	0,00	757.437.430,59	809.532.013,84	-1.291.065,97	808.240.947,87
Current							
Trade receivables		779.657.290,57	-8.193.021,47	771.464.269,10	775.173.405,30	-10.114.724,91	765.058.680,39
Amounts relating to construction contracts	10	82.832.054,33		82.832.054,33	87.072.266,57		87.072.266,57
Receivables on public authorities	35	505.924.318,84	-28.376,71	505.895.942,13	401.055.331,82		401.055.331,82
Other trade receivables		190.900.917,40	-8.164.644,76	182.736.272,64	287.045.806,91	-10.114.724,91	276.931.082,00
Other receivables		679.814.068,72	-313.541,79	679.500.526,93	775.165.433,02	-7.079.536,47	768.085.896,55
Receivables on public authorities	35	67.464.824,75		67.464.824,75	137.988.344,09		137.988.344,09
Deferred charges		129.005.534,23		129.005.534,23	118.078.769,33		118.078.769,33
Accrued income		22.714.648,59		22.714.648,59	31.734.042,69		31.734.042,69
Finance lease receivables	9.3	4.977.883,19		4.977.883,19	4.809.385,80		4.809.385,80
Other receivables		455.651.177,96	-313.541,79	455.337.636,17	482.554.891,11	-7.079.536,47	475.475.354,64
Total (current)		1.459.471.359,29	-8.506.563,26	1.450.964.796,03	1.550.338.838,32	-17.194.261,38	1.533.144.576,94

	31/12/2017	31/12/2016
Non-current		
SNCB	749.093.164,66	799.095.232,73
Eurostation Group	8.339.921,35	9.057.890,15
Other subsidiaries	4.344,58	87.824,99
Carrying value	757.437.430,59	808.240.947,87
Current		
SNCB	1.342.955.235,23	1.413.798.234,18
Eurostation Group	87.989.019,19	93.868.895,64
Other subsidiaries	20.020.541,61	25.477.447,12
Carrying value	1.450.964.796,03	1.533.144.576,94

Trade and other receivables mainly consist of receivables towards the public authorities (such as the Belgian state and its regions) and amount to 1.222.922.074,42 EUR as per 31 December 2017 (2016: 1.224.242.019,33 EUR) of which 1.217.947.957,25 EUR (2016:

1.220.215.358,97 EUR) is related to the SNCB. This type of receivables results from grants received in the context of:

- the management contract: 500.773.899,94 EUR concerning operating grants and 13.203.000,00 EUR concerning investment grants;
- special investment financing contracts for EUR 647.943.694,02 including RER equipment: EUR 395.354.671,13; HLE 18: EUR 110.991.288,66; Desiro: 90.917.656,66 EUR; Te Kort TGV: EUR 50.680.077,57;
- priority regional projects: Station of Mons: 23.600.301,01 EUR and SPV LLN: 29.689.947,00 EUR. Since the Management Authority considers that the subsidies under the SPV LLN contracts are virtually certain, the SNCB Group accounts for these receivables, as well as the related investment grants, in the statement of financial position.
- public interventions other than the State for EUR 1.184.408,34;
- a claim against the tax authorities for EUR 1.552.706,94 relating to the recovery plan. Note that the claim on the State of EUR 22.957.000,00 recorded by SNCB in 2015 following a tax audit on the application of the general exemption from the payment of withholding tax (Economic Recovery Act March 27, 2009) for the 2013 tax year, was cashed in 2017.

This section also includes other current receivables of the SNCB amounting to 309.239.368,00 EUR (31 December 2016: 326.839.106,00 EUR) and relating to the cash-guarantees paid following the Credit Support Annexes agreements with financial institutions.

9.2 Write downs on trade and other receivables

The total nominal amount of trade and other receivables is subject to impairment. Total provisions for impairment amount to 8.506.563,26 EUR (18.485.327,35 EUR) as per 31 December 2017 (31 December 2016). Movements in the provision for impairment of trade and other receivables are as follows:

	31/12/2017	31/12/2016
Impairment on non-current trade and other receivables		
At 1 January	-1.291.065,97	0,00
Write downs		-1.291.065,97
Use of write downs on irrecoverable receivables that are reversed		
Reversal of write downs	1.291.065,97	
At 31 December	0,00	-1.291.065,97

31/12/2017

31/12/2016

Impairment on current trade and other receivables

At 1 January	-17.194.261,38	-17.426.980,64
Write down s	-15.544.807,77	-19.437.548,02
Use of w rite dow ns on irrecoverable receivables that are reversed	7.551.886,77	18.745.991,45
Reversal of w rite dow ns	16.099.711,38	928.017,81
Other variations	580.907,74	-3.741,98
At 31 December	-8.506.563,26	-17.194.261,38

Other variations in 2017 relate to the transfer of write-downs on trade receivables and other receivables from Transurb (prior to its disposal on 20 July 2017) and from Blue Mobility to non-current assets held for sale.

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

9.3 Financial lease receivables

	Less than one year	More than one year and less than five years	More than five years	Total
Net investments at 31/12/2017				
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 financial lease receivables of 105.331.462,69 EUR as per 31 December 2017 are related to the SNCB and include exclusively the lease agreements with Lineas Group, as well as the long-term (99 years) leases with third parties for land and buildings. The non-guaranteed residual values attributable to SNCB under finance leases amounted to EUR 4.957.137,53 (EUR 4.957.998,53) as at 31 December 2017 (2016).

Note 10 – Construction contracts

		31/12/2017	31/12/2016
	Notes		
Gross amounts due from customers for construction contracts	9	82.832.054,33	97.370.845,10
Advances received from customers for construction contracts	23	26.325.031,36	15.582.669,26

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

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

		31/12/2017	31/12/2016
	Note		
Aggregate amount of: Incurred costs		193.600.099,39	202.614.945,83
Recognized gains / losses		1.137.258,39	4.327.917,36
Amounts written down / impairments recorded		-11.454.377,72	-11.836.515,02
Aggregate amount of: Interim invoicing		-100.450.925,73	-108.034.081,60
Transfer from / to trade debts		0,00	10.298.578,53
Gross amount due by clients for projects in progress commissioned by third parties		82.832.054,33	97.370.845,10
Long-term	9.1	0,00	10.298.578,53
Short-term	9.1	82.832.054,33	87.072.266,57

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

		31/12/2017	31/12/2016
	Note		
Aggregate amount of: Costs incurred		1.402.549,31	13.819.061,42
Recognised profits (losses)		689.012,85	3.249.802,08
Impairment losses recognised		0,00	-1.488.588,00
Aggregate amount of: Progress billings		-8.076.711,18	-21.836.892,64
Gross amounts due to customers for construction contracts	23	5.985.149,02	6.256.617,14

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

		31/12/2017	31/12/2016
	Note		
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	23	20.339.882,84	9.326.052,12

Note 11 – Derivatives

11.1 Derivates by category

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

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

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

Derivatives		31/12/2017			
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	299.766.368,74	0,00	299.242.346,03
Interest rate swaps	-7.862.989,83	273.152.825,75	0,00	265.289.835,92
Currency swaps	7.338.967,12	26.613.542,99	0,00	33.952.510,11
Commodity swaps	0,00	0,00	0,00	0,00
Inflation swaps	0,00	0,00	0,00	0,00
Other derivatives	0,00	0,00	0,00	0,00
Other	0,00	0,00	0,00	0,00
Total (non-current)	-524.022,71	299.766.368,74	0,00	299.242.346,03
Derivatives used for cash flow management	0,00	183.210,58	13.209,00	196.419,58
Interest rate swaps	0,00	0,00	0,00	0,00
Currency swaps	0,00	0,00	0,00	0,00
Commodity swaps	0,00	183.210,58	13.209,00	196.419,58
Inflation swaps	0,00	0,00	0,00	0,00
Other derivatives	0,00	0,00	0,00	0,00
Other	0,00	0,00	0,00	0,00
Total (current)	0,00	183.210,58	13.209,00	196.419,58
Liabilities	Nominal	Fair value adjustments	Accrued expenses	Total
Derivatives used for cash flow management	-38.171.755,31	-415.616.029,99	262.832,30	-453.524.953,00
Interest rate 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 110.585.179,48 EUR as at 31 December 2017 (86.910.077,36 EUR as at 31 December 2016).

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

11.2 Tableau de mutation de valeur des instruments financiers dérivés

The table below gives an exhaustive view of the changes in derivatives:

	31.12.2016	Changes in derivatives						31.12.2017	
		Net payments of nominal amounts	Net interest payments	Net other payments	Net interest expense	Other net expenses	Exchange impact		Adjustments to fair value
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	-2.014.650,17	452.423,02	-1.012.910,73	-73.921,66	529.406,70		-5.999.434,69	-7.463.280,89	-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	-166.659.950,88	1.687.945,50	32.409.377,64	657.546,21	-31.616.504,48	-683.191,70	-5.999.434,69	18.185.354,43	-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 of the SNCB Group consist of receivables (receivables towards subsidiaries, fixed income securities issued by financial institutions and public authorities and deposits held in banks), “back to back” receivables on the State following the debt assumption on 1 January 2015 and financial assets classified as “available for sale”. Details on the different categories within other financial assets separately for current and non-current derivatives, as well as a description of the various associated risks can be found in note 2.

12.2 Available-for-sale financial assets

The following table presents the changes in available-for-sale financial assets for the periods ended 31 December 2017 and 31 December 2016:

	2017	2016
Balance at 1 January	51.274.180,31	51.274.180,31
Acquisitions	0,00	0,00
Change in the consolidation scope	-8.151,62	0,00
Interest income	0,00	0,00
Interest received	0,00	0,00
Transfer from assets held for sale	619.733,86	0,00
Au 31 décembre	51.885.762,55	51.274.180,31
Of which		
Non-current	51.885.762,55	51.274.180,31
Current	0,00	0,00

Following the decision of the SNCB Group to retain a 10% interest in Transurb, after the sale of 82% to a third party, this interest is no longer included in the scope of consolidation and is recognized as an available-for-sale financial asset for the amount of EUR 619.733,86. The amount of EUR -8,151.62 relates to a Transurb shareholding held abroad.

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 collateral	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 collateral	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

Note 13 – Inventories

13.1 Inventories

	31/12/2017	31/12/2016
Goods, supplies and parts for rolling stock	206.295.318,34	205.733.993,25
Raw materials	3.130.411,74	3.647.670,57
Work in progress	1.989.114,08	2.112.955,30
Finished goods		
Carrying value	211.414.844,16	211.494.619,12
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	130.365.145,63	132.107.316,65

	31/12/2017	31/12/2016
SNCB	211.346.622,38	211.382.042,98
Other subsidiaries	68.221,78	112.576,14
Carrying value	211.414.844,16	211.494.619,12

There are no inventories carried at fair value less costs to sell.

13.2 Impairment of inventories – impact on net result

	31/12/2017	31/12/2016
Beginning of period	-128.464.487,73	-116.087.465,64
Increase in impairment of inventories	-11.417.062,38	-12.976.769,92
Cancelling of impairment losses on inventories because irrecoverable	789.322,44	440.864,96
Reversal of impairment of inventories		158.882,87
Inventories transferred to property, plant and equipments	2.791.706,59	
Other movements	11.640,34	
At the end of the period	-136.288.880,74	-128.464.487,73

The impairments of inventories amount to 11.417.062,39 EUR (12.817.887,05 EUR) in 2017 (2016) and were recognised at the SNCB in net result. For parts relating to rolling stock, the impairments recorded are based on the depreciation rate of the rolling stock to which they relate. An impairment of consumables is only recognized if the inventory turnover does not occur for at least one year. The percentage for impairment applied is determined based on the known rate of inventory turnover.

The transfer of EUR 2.791.706,59 to tangible fixed assets - railway rolling stock - concerns SNCB and is linked to the activation of important spare parts for certain types of rolling stock as they fulfil the activation criteria as tangible assets. These spare parts were activated

during the year 2017 for an acquisition value of EUR 4.667.414,73 and accumulated depreciation of EUR 2.791.706,59 (see note 6.1. Property, plant and equipments).

Other movements relate to the transfer of Transurb's inventory write-downs to non-current assets held for sale prior to its sale on 20 July 2017.

13.3 Inventories recognised in net result

	31/12/2017	31/12/2016
Purchases	-120.045.955,08	-121.960.443,49
Changes in	19.036.007,56	35.731.940,82
<i>Goods purchased for resale and supplies</i>	19.502.431,84	36.635.195,10
<i>Raw materials</i>	-342.583,06	-376.800,78
<i>Work in progress</i>	-123.841,22	-526.453,50
Impact on net result	-101.009.947,52	-86.228.502,67
<i>Of which included in turnover</i>	-123.841,22	-526.453,50

Note 14 – Cash and cash equivalents

14.1 Cash and cash equivalents

		31/12/2017	31/12/2016
	Note		
Cash and cash equivalents			
Short-term deposits and commercial paper		180.743.277,62	224.801.992,44
Cash at bank		205.548.645,91	78.875.203,95
Cash in hand		2.516.887,46	2.424.739,41
Total		388.808.810,99	306.101.935,80
Cash and cash equivalents as in the statement of cash flows			
Bank overdrafts	21	0,00	0,00
		388.808.810,99	306.101.935,80
		31/12/2017	31/12/2016
SNCB		387.871.842,90	304.115.773,08
Other subsidiaries		936.968,09	1.986.162,72
Carrying value		388.808.810,99	306.101.935,80

The restricted amount of cash and cash equivalents for the SNCB Group amounts to 180.743.286,70 EUR (224.061.719,64 EUR) as per 31 December 2017 (2016) and includes investments invested under the REN fund on behalf of the Belgian State ("fund managed on behalf of third parties"). As explained in note 2. Capital management, the REN fund was created by the Belgian State in 2001 to finance the investments to be done for the creation of the "Regional Express Network" (REN). In the management contract of the former SNCB Holding for the years 2005 - 2008, the Belgian State has delegated the management of the resources available in the REN fund to SNCB. All the resources of which management is transferred to SNCB are considered by the SNCB Group as a debt to the public authorities (included in "Other amounts payables").

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

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

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

Non-current assets held for sale and liabilities directly associated	31/12/2017	31/12/2016
Assets	29.818.367,45	37.193.944,99
Liabilities	371.353,34	0,00

Non-current assets held for sale as per **31 December 2017** relate to:

	Assets Blue Mobility	Interest under equity method Terminal A thus	Other intangible and tangible fixed assets and investment property	Total
Intangible assets	218.468,22		120.000,00	338.468,22
Property, plant and equipment	95.415,87		22.154.699,76	22.250.115,63
Investment property			3.867.836,76	3.867.836,76
Investments accounted for using the equity method		2.687.107,98		2.687.107,98
Trade receivables and other accounts receivable	3.585,00			3.585,00
Fixed assets	317.469,09	2.687.107,98	26.142.536,52	29.147.113,59
Trade receivables and other accounts receivable	340.057,56			340.057,56
Cash and cash equivalents	331.196,30			331.196,30
Current assets	671.253,86	0,00	0,00	671.253,86
Total assets	988.722,95	2.687.107,98	26.142.536,52	29.818.367,45

The debts directly related to 31 December 2017 are as follows:

	Liabilities Blue Mobility	Total
long term liabilities	0,00	0,00
Trade and othe payable	157.206,85	157.206,85
Social debts	42.521,63	42.521,63
Other amount payable	171.624,86	171.624,86
Short-term liabilities	371.353,34	371.353,34
Total liabilities	371.353,34	371.353,34

Non-current assets held for sale and associated liabilities at 31 December 2016 are as follows:

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

In 2017, the SNCB Group sold its 50% interest in ATO to Van Moer Logistics. Its equity value of EUR 3.637.592,93 (of which EUR 3.332.145,10 transferred in this heading in 2016 and EUR 305.447,83 of 2017 results transferred in this heading before the sale) was carried out on 24 August 2017 .

The equity value of Terminal Athus continues, for its part, to be classified as a non-current asset held for sale at 31 December 2017 because the intention of the SNCB Group is still to sell this company and the negotiations in this direction are ongoing. Its equity value as at 31 December 2017 amounts to EUR 2.687.107,98.

Blue Mobility, of which B-Parking holds 51,83% of the capital, is classified as a non-current asset held for sale and associated liabilities as of 31 December 2017. Negotiations for sale are ongoing.

Until the sale of Transurb's 82% on 20 July 2017 and the transfer of the remaining 10% to Other Financial Assets, all assets and liabilities of Transurb are classified as non-current assets held for sale and directly associated debts. The assets and liabilities of Transurb classified as non-current assets held for sale and directly associated debts until 20 July 2017 are as follows:

	Assets Transurb
Intangible assets	11.352,05
Property, plant and equipment	726.896,51
Other financial assets	67.216,42
Fixed assets	805.464,98
Stocks	13.521.697,04
Trade receivables and other accounts receivable	6.877.809,35
Cash and cash equivalents	1.219.254,35
Current assets	21.618.760,74
Total assets	22.424.225,72
	Liabilities Transurb
Provisions	1.634.762,65
Long term liabilities	1.634.762,65
Debts from employee benefits	9.900,96
Trade debts	15.635.012,41
Social debts	707.319,62
Other amounts payable	512.336,83
Short term liabilities	16.864.569,82
Total liabilities	18.499.332,47

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Based on sales prices and realized valuations, no impairment loss was recognized because the book values were lower than the fair values of the interests.

Movements of non-current assets held for sale (excluding Blue Mobility, Transurb and interests using the equity method) as at 31 December 2017 are as follows:

	Intangible assets	Property, plant and equipment	Investment property	Total
Carrying value at 1 January 2016	0,00	10.706.864,80	1.127.607,57	11.834.472,37
Acquisitions				
Excess		46.158,00		46.158,00
Transfer during period (+)				
Cost	750.000,00	104.406.096,73	5.846.613,51	111.002.710,24
Accumulated impairment		-24.553.026,17	-25.853,82	-24.578.879,99
Accumulated depreciation	-630.000,00	-44.667.055,33	-408.557,69	-45.705.613,02
Disposal during period				
Cost		-89.327.648,52	-2.721.900,86	-92.049.549,38
Accumulated impairment		15.148.900,49	112.875,66	15.261.776,15
Accumulated depreciation		65.395.221,30	219.707,10	65.614.928,40
Impairment after transfer to this section				
Increase		-9.564.670,98	-23.336,89	-9.588.007,87
Decrease				
Carrying value at 31 December 2016	120.000,00	27.590.840,32	4.127.154,58	31.837.994,90
Carrying value at 1 January 2017	120.000,00	27.590.840,32	4.127.154,58	31.837.994,90
Excess			413.892,00	413.892,00
Transfer during period :				
Cost		49.453.643,73	2.174.775,78	51.628.419,51
Accumulated impairment		-12.033.547,69	-64.215,27	-12.097.762,96
Accumulated depreciation		-35.736.371,78	-280.647,77	-36.017.019,55
Disposal during period:				
Cost		-37.749.673,01	-2.865.803,25	-40.615.476,26
Accumulated impairment		12.208.429,91	43.992,99	12.252.422,90
Accumulated depreciation		21.434.572,54	368.156,18	21.802.728,72
Transfer during period (-)		49.468,48	-49.468,48	0,00
		624,13		624,13
Impairment after transfer to this section				
Increase		-3.063.286,87		-3.063.286,87
Decrease				0,00
Carrying value at 31 December 2017	120.000,00	22.154.699,76	3.867.836,76	26.142.536,52

Transfers from 2017 to non-current assets held for sale relate exclusively to SNCB and relate to investment properties and buildings that were transferred to this heading following the decision to sell them. Furthermore, in 2017, SNCB rolling stock was sold for a book value of EUR 2.190.279,46 and land and buildings of SNCB for a book value of EUR 2.794.364,51 (including the sale of land in Maasmechelen which generated a profit of EUR 1.535.676,06).

	Intangible assets	Property, plant and equipment	Investment property	Total
As at 31 December 2016				
Cost	750.000,00	139.961.262,70	4.566.660,29	145.277.922,99
Accumulated impairment		-17.463.560,50	-62.970,69	-17.526.531,19
Accumulated depreciation	-630.000,00	-74.301.376,61	-245.944,78	-75.177.321,39
Impairment after transfer to this section		-20.605.485,27	-130.590,24	-20.736.075,51
Carrying value at 31 December 2016	120.000,00	27.590.840,32	4.127.154,58	31.837.994,90
As at 30 June 2017				
Cost	750.000,00	149.536.753,12	4.327.545,96	154.614.299,08
Accumulated impairment		-20.970.662,56	-82.174,18	-21.052.836,74
Accumulated depreciation	-630.000,00	-87.639.495,72	-246.944,78	-88.516.440,50
Impairment after transfer to this section		-18.771.895,08	-130.590,24	-18.902.485,32
Carrying value at 31 December 2017	120.000,00	22.154.699,76	3.867.836,76	26.142.536,52

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

	31/12/2017	31/12/2016
Impairment losses (increase)	3.063.286,87	9.588.007,87
Loss on sale of non-current assets held for sale	-1.351.504,06	-1.009.837,90
Gain on sale of non-current assets held for sale	8.108.372,69	17.775.997,25

The allocations and reversals of impairment losses for the period are recorded in the annual accounts under "Other operating expenses". Gains and losses for the period are recorded in the annual accounts under "Other operating income" and "Other operating expenses". They include the capital gain generated by the sale of ATO (EUR 562.407,07) but also the gains and losses generated by sales of SNCB rolling stock and mainly following sales of land and buildings.

Note 16 – Business combinations

On 17 February 2017, SNCB bought back the 50% of the shares held by the other shareholder in Publifer, a company that offers traditional and digital advertising solutions to advertisers in the most important railway stations in Belgium. This transaction increases the percentage of control of the SNCB Group in Publifer from the existing 50% (consolidated according to the equity method) to 100% (consolidated according to the global method), the SNCB Group thus acquiring full control of the entity.

Following this acquisition, a goodwill of EUR 840.896,00 was recognized. The other assets acquired and the liabilities assumed following the business combination on 17 February 2017 are as follows:

	<i>Notes</i>	
Intangible assets	5.1.2.	979.541
Installations and various equipment	6.1.	6.741.322
Trade receivables and other long-term and short-term debtors		5.699.179
Cash and cash equivalents		1.366.317
Deferred tax liabilities	22.	-1.891.458
Other amounts payable		-5.273.997
		7.620.905

Note 17 – Share capital

Movements of capital are as follows:

	Common shares	Dividend-right share	Total
At 31 December 2017			
CAPITAL			
Number of shares (EUR)	249.022.345,57	0,00	249.022.345,57
Subscribed amount	1.053.611.251	20.000.000	1.073.611.251
At 31 December 2016			
CAPITAL			
Number of shares (EUR)	249.022.345,57	0,00	249.022.345,57
Subscribed amount	1.053.611.251	20.000.000	1.073.611.251

The share capital of SNCB is composed of:

- 333.754.509 ordinary shares with a par value of EUR 2,47893525 each, allocated to the Belgian State;
- 719.856.742 ordinary shares with a par value of EUR 3,09866906 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. Following the law on the dematerialization of bearer securities, since 2016, bearer securities whose holders have not made themselves known have been deposited to the “Caisse de Dépôt et de Consignation”. On 1 January 2026, unclaimed titles will be attributed to the State.

An ordinary share entitles the holder to a right to vote at the General Meeting. Ten dividend-right shares give right to a right to vote. The state directly and indirectly owns 99.97% of the voting rights.

Note 18 – Consolidated reserves

	Available for sale financial assets	Currency translation differences	Net results carried forward	Total consolidated reserves
At 1 January 2016	-2.677.389,75	20.027,61	-336.217.653,05	-338.875.015,19
Net income 31-12-2016	0,00	0,00	-244.034.497,23	-244.034.497,23
<i>Consolidated entities</i>	0,00	0,00	-243.999.082,06	-243.999.082,06
<i>Interests under equity method</i>	0,00	0,00	-35.415,17	-35.415,17
Other comprehensive income 2016	-242.418,07	17.856,16	-26.496.237,17	-26.720.799,08
<i>Consolidated entities</i>	0,00	0,00	-25.174.662,86	-25.174.662,86
<i>Interests under equity method</i>	-242.418,07	17.856,16	-1.321.574,31	-1.546.136,22
Total comprehensive income 2016	-242.418,07	17.856,16	-270.530.734,40	-270.755.296,31
Other movements in equity			-6.533,80	-6.533,80
Roundings			-1,25	-1,25
At 31 December 2016	-2.919.807,82	37.883,77	-606.754.922,50	-609.636.846,55
At 1 January 2017	-2.919.807,82	37.883,77	-606.754.922,50	-609.636.846,55
Net income 31-12-2017	0,00	0,00	95.892.311,92	95.892.311,92
<i>Consolidated entities</i>	0,00	0,00	68.752.022,52	68.752.022,52
<i>Interests under equity method</i>	0,00	0,00	27.140.289,40	27.140.289,40
Other comprehensive income 2017	64.816,80	-62.009,69	5.733.526,33	5.736.333,44
<i>Consolidated entities</i>	0,00	0,00	5.770.044,65	5.770.044,65
<i>Interests under equity method</i>	64.816,80	-62.009,69	-36.518,32	-33.711,21
Total comprehensive income 2017	64.816,80	-62.009,69	101.625.838,25	101.628.645,36
Other movements in equity			-300.000,00	-300.000,00
Roundings			1,10	1,10
At 31 December 2017	-2.854.991,02	-24.125,92	-505.429.083,15	-508.308.200,09

Available for sale financial assets and currency translation differences relate to Eurofima which is accounted for using the equity method in the consolidated financial statements 2017 and 2016.

Note 19 – Employee benefits

19.1 Summary of employee benefits obligations

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

	31/12/2017	31/12/2016
Liability in the statement of financial position		
Post-employment benefits	299.435.527,38	301.140.491,23
Other long-term benefits	88.682.316,69	92.118.625,55
Termination benefits	19.726.307,21	26.424.094,98
Short-term benefits (holidays only)	41.674.885,51	34.926.198,09
Total liability in the statement of financial position	449.519.036,79	454.609.409,85
- current	123.444.735,57	121.212.802,15
- non-current	326.074.301,22	333.396.607,70

Beside the SNCB that represents 449.476.643,16 EUR (99%) of the total debt, Eurostation has recognized employee benefits liabilities. They concern termination benefits (42.393,63 EUR).

19.2 Description of the employee benefits

19.2.1 Post-employment benefits

SNCB operates following post-employment benefit plans:

1. *Employer contributions to the Social Solidarity Fund*

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

2. *Hospitalisation insurance*

In the context of the social agreement 2008-2010 it was agreed that the Belgian Railways will continue the financing of premiums to a group insurance covering the hospitalization costs in a room with two beds. This insurance applies to both active and retired statutory employees and their dependents (children and spouse), affiliated to the Fund of Social Works and to contractual employees in function.

3. *Benefits in case of a work accident*

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

4. *Employer contributions to the union fund*

As part of the 2016-2019 union agreement, it was agreed with the recognised trade union organizations that the Belgian Railways pay an annual amount of 10 EUR for each affiliated retired employee.

5. *Pension plans*

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

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

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

19.2.2 Other long-term employee benefits

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

1. *Jubilee premiums*

Decorations are paid to employees after a certain number of years of service. The terms and conditions were changed in 2017.

3. *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.

4. *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.

5. *Credit days*

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

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

19.2.3 Termination benefits

The following termination benefits are granted to the employees:

1. *Partial career break*

Statutory employees can benefit from part-time early retirement systems. These systems apply to specific categories of employees who have attained a minimum age, and provide for allowances partially offsetting the loss of working time. Only the indemnities granted to the employees who joined the scheme until 2006 (date of the scheme change) are now considered as termination benefits.

6. *Part-time work*

For certain categories of employees who cannot benefit from early retirement, compensatory mechanisms of part-time work exist. These are arrangements of part-time work on a voluntary basis, whereby an additional allowance is provided which partially compensates the loss of working hours. Only the indemnities granted to the employees who joined the scheme until 2006 (date of the scheme change) are now considered as termination benefits.

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

19.3 Liabilities relating to employee benefits (no short term)

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

	31/12/2017			Total	31/12/2016			Total
	Post employment benefits	Other long term benefits	Termination benefits		Post employment benefits	Other long term benefits	Termination benefits	
Amount recognised in the statement of financial position								
Defined benefit obligation end of period	299.435.527,38	88.682.316,69	19.726.307,21	407.844.151,28	301.140.491,23	92.118.625,55	26.424.094,98	419.683.211,76
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	19.726.307,21	407.844.151,28	301.140.491,23	92.118.625,55	26.424.094,98	419.683.211,76
<i>Of which : Net liability recognised</i>	299.435.527,38	88.682.316,69	19.726.307,21	407.844.151,28	301.140.491,23	92.118.625,55	26.424.094,98	419.683.211,76
<i>Of which : Net asset recognised</i>	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
<i>Of which : Unfunded plans</i>	299.435.527,38	88.682.316,69	19.726.307,21	407.844.151,28	301.140.491,23	92.118.625,55	26.424.094,98	419.683.211,76
<i>Of which : Integrally or partially funded plans</i>	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00

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

	31/12/2017			Total	31/12/2016			Total
	Post employment benefits	Other long term benefits	Termination benefits		Post employment benefits	Other long term benefits	Termination benefits	
Defined benefit cost								
Current service cost	8.856.290,46	46.083.775,24	79.215,86	55.019.281,56	10.156.899,81	45.623.051,86	2.873.977,28	58.653.928,95
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
Remeasurements (other long term 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
Curtailment / settlement gain / loss	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Effect of the asset ceiling	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total Defined benefit cost	14.309.381,40	46.169.905,88	-1.255.388,03	59.223.899,25	14.777.967,09	44.829.732,30	1.969.745,86	61.577.445,25
<i>included in</i>								
<i>payroll and related benefits</i>	28 9.186.273,72	45.888.188,12	-1.397.887,07	53.676.574,77	8.600.249,61	44.439.110,94	1.670.012,14	54.709.372,69
<i>finance costs</i>	29 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 total amount of premiums paid in 2017 by the SNCB Group related to defined contribution plans amounts to 2.595.515,97 EUR.

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

Change in defined benefit obligation:

	31/12/2017			Total	31/12/2016			Total
	Post employment benefits	Other long term benefits	Termination benefits		Post employment benefits	Other long term benefits	Termination benefits	
Defined benefit obligation								
As at 1 January	301.140.491,23	92.118.625,55	26.424.094,98	419.683.211,76	272.643.419,82	101.791.380,79	27.284.880,86	401.719.681,47
Current service cost	8.856.290,46	46.083.775,24	79.215,86	55.019.281,56	10.156.899,81	45.623.051,86	2.873.977,28	58.653.928,95
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	-5.442.399,74	-66.707.026,00	-11.455.558,54	-54.502.487,54	-2.830.531,74	-68.788.577,82
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
Transfer to non-current assets held for sale	-9.900,96	0,00	0,00	-9.900,96	0,00	0,00	0,00	0,00
Present value of the obligation for discontinued operations	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Present value of the obligation for non-current assets held for sale	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Present value of the obligation at the end of the period	299.435.527,38	88.682.316,69	19.726.307,21	407.844.151,28	301.140.491,23	92.118.625,55	26.424.094,98	419.683.211,76

The transfer of EUR 9.900,96 to non-current assets held for sale in 2017 concerns Transurb prior to its disposal on 20 July 2017.

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			Total	31/12/2016			Total
	Post employment benefits	Other long term benefits	Termination benefits		Post employment benefits	Other long term benefits	Termination benefits	
Defined benefit obligation at the end of the period								
Liability relative to active members	86.367.113,05	88.682.316,69	19.726.307,21	194.775.736,95	93.602.993,73	92.118.625,55	26.424.094,98	212.145.714,26
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 at the end of the period	299.435.527,38	88.682.316,69	19.726.307,21	407.844.151,28	301.140.491,23	92.118.625,55	26.424.094,98	419.683.211,76

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

	31/12/2017			Total	31/12/2016			Total
	Post employment benefits	Other long term benefits	Termination benefits		Post employment benefits	Other long term benefits	Termination benefits	
Funded status								
Defined benefit obligation as at 1 January	301.140.491,23	92.118.625,55	26.424.094,98	419.683.211,76	272.643.419,82	101.791.380,79	27.284.880,86	401.719.681,47
Fair value of plan assets as at 1 January	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total	301.140.491,23	92.118.625,55	26.424.094,98	419.683.211,76	272.643.419,82	101.791.380,79	27.284.880,86	401.719.681,47
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	301.140.491,23	92.118.625,55	26.424.094,98	419.683.211,76	272.643.419,82	101.791.380,79	27.284.880,86	401.719.681,47
Total expense recognised in the profit or loss	14.309.381,40	46.169.905,88	-1.255.388,03	59.223.899,25	14.777.967,09	44.829.732,30	1.969.745,86	61.577.445,25
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	-5.442.399,74	-66.707.026,00	-11.455.558,54	-54.502.487,54	-2.830.531,74	-68.788.577,82
Transfer to non-current assets held for sale	-9.900,96	0,00	0,00	-9.900,96	0,00	0,00	0,00	0,00
At the end of the period	299.435.527,38	88.682.316,69	19.726.307,21	407.844.151,28	301.140.491,23	92.118.625,55	26.424.094,98	419.683.211,76
Cumulative actuarial gains / losses in other comprehensive income	0,00	-	-	0,00	0,00	-	-	0,00

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

19.4 Split of actuarial gains and losses

The actuarial gains and losses may be split as follows:

	31/12/2017				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

19.5 Actuarial assumptions and sensitivity analysis

Actuarial assumptions

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

	31/12/2017	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 31 December, the discount rate used to discount the liabilities is determined by reference to the market yield at reporting date of high quality corporate bonds with similar duration than the liabilities (source: Bloomberg).

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

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 Belgian Railways.

	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 20 – Provisions

20.1 Provisions

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

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

	Juridische geschillen	Bodemsanering	Overige voorzieningen	Totaal
As at 1 January 2017	116.772.678,52	124.052.490,15	41.772.498,59	282.597.667,26
<u>Of which</u>				
Non-current	85.358.448,23	82.960.513,79	24.804.021,06	193.122.983,08
Current	31.414.230,29	41.091.976,36	16.968.477,53	89.474.684,18
Included in statement of comprehensive income				
Increase of the year	6.975.913,66	4.856.941,79	5.886.882,38	17.719.737,83
Utilization of the year	-7.439.601,61	-1.483.897,39	-13.344.251,81	-22.267.750,81
Decrease of the year (unused)	-8.600.693,14	-6.579.518,22	-601.848,57	-15.782.059,93
Change in discount rates	-32.740,75	-2.620.520,81		-2.653.261,56
Unwinding of discount	85.138,68	118.138,72		203.277,40
Transfer to non-current assets held for sale			-1.634.762,65	-1.634.762,65
As at 31 December 2017	107.760.695,36	118.343.634,24	32.078.517,94	258.182.847,54
<u>Of which</u>				
Non-current	81.719.520,29	66.381.930,55	14.998.614,92	163.100.065,76
Current	26.041.175,07	51.961.703,69	17.079.903,02	95.082.781,78

The provision for legal claims represents the present value of the best estimate of resource outflows embodying economic benefits over 20 years because of legal claims filed against the SNCB Group. It is adjusted at the closing date on the basis of a re-estimation 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. As at 31 December 2017, it amounts to 107.760.695,36 EUR exclusively for the SNCB. In accordance with IAS 37 no detail is given with regards to these claims, taking into account the necessity to protect the own interests of the SNCB.

The provision for soil remediation is the present value of the estimated cost of work to be executed over a period of 20 years in respect of legal and constructive obligations for the depollution of the land. 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. It concerns exclusively SNCB and amounts to EUR 118.343.634,24 as at 31 December 2017.

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

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

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

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

In EUR	
Agreement E.U.	145.000.000,00
Utilisation 02/2011 to 31/12/2017	-130.040.907,60
Balance E.U. help	14.959.092,40

The transfer of EUR 1.634.762,65 in 2017 to Non-current assets held for sale relates to Transurb prior to its sale on 20 July 2017.

Note 21 – Financial liabilities

21.1 Financial liabilities

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings. For more information about the Group'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				TOTAL
		Nominal	Net debt	Accrued expenses	Other	
			Fair value adjustments		Other	
Non-current financial liabilities	Note					
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	21.2	14.624.915,11	0,00	0,00	0,00	14.624.915,11
Other financial liabilities		357.058.540,41	37.688.412,40	7.084.265,99	0,00	401.831.218,80
Total		2.772.341.639,75	37.688.412,40	14.563.290,80	0,00	2.824.593.342,95
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	21.2	1.982.158,34	0,00	59.479,21	0,00	2.041.637,55
Commercial paper		350.057.888,33	0,00	0,00	0,00	350.057.888,33
Other financial liabilities		26.670.239,88	0,00	1.042.374,56	0,00	27.712.614,44
Total		499.711.517,19	0,00	12.669.121,19	0,00	512.380.638,38
Total financial liabilities		3.272.053.156,94	37.688.412,40	27.232.411,99	0,00	3.336.973.981,33
Financial liabilities		31/12/2016				TOTAL
		Nominal	Net debt	Accrued expenses	Other	
			Fair value adjustments		Other	
Non-current financial liabilities	Note					
Bank borrowings		1.830.752.795,14	0,00	3.322.256,72	0,00	1.834.075.051,86
Bonds		633.371.743,09	0,00	4.173.331,92	0,00	637.545.075,01
Finance lease liabilities	21.2	12.482.334,46	0,00	0,00	0,00	12.482.334,46
Other financial liabilities		343.056.608,54	50.353.497,93	6.100.192,84	0,00	399.510.299,31
Total		2.819.663.481,23	50.353.497,93	13.595.781,48	0,00	2.883.612.760,64
Current financial liabilities						
Bank overdrafts	14	0,00	0,00	0,00	0,00	0,00
Bank borrowings		150.958.513,89	0,00	3.413.412,79	0,00	154.371.926,68
Bonds		0,00	0,00	8.197.301,09	0,00	8.197.301,09
Finance lease liabilities	21.2	669.533,57	0,00	59.614,46	0,00	729.148,03
Commercial paper		445.071.113,62	0,00	0,00	0,00	445.071.113,62
Other financial liabilities		38.266.868,78	0,00	2.286.168,19	0,00	40.553.036,97
Total		634.966.029,86	0,00	13.956.496,53	0,00	648.922.526,39
Total financial liabilities		3.454.629.511,09	50.353.497,93	27.552.278,01	0,00	3.532.535.287,03

Bank borrowings relate to borrowings from financial institutions in the broad sense.

	31/12/2017	31/12/2016
Non-current financial liabilities		
SNCB	2.821.800.603,95	2.883.498.465,33
Subsidiaries	2.792.739,00	114.295,31
Carrying value	2.824.593.342,95	2.883.612.760,64
Current financial liabilities		
SNCB	510.928.206,56	644.752.645,95
Subsidiaries	1.452.431,82	4.169.880,44
Carrying value	512.380.638,38	648.922.526,39

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

	Changes in financial liabilities								31.12.2017
	31.12.2016	New transactions	Payments	Interest expense	Other revenues	Exchange impact	Adjustments to fair value	Other	
Bank overdrafts	0,00	0,00	-37.348,67	37.348,67	0,00	0,00	0,00	0,00	0,00
Bank borrowings	1.988.446.978,54	7.314.848,66	-121.545.310,85	24.317.052,43	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	13.211.482,49	5.012.739,00	-2.861.657,33	1.303.988,50	0,00	0,00	0,00	0,00	16.666.552,66
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	440.063.336,28	73.355.784,46	-63.604.023,39	19.852.363,62	0,00	-28.061.590,69	-12.665.085,53	603.048,49	429.543.833,24
Total	3.532.535.287,03	441.021.610,89	-650.708.479,73	63.929.600,28	-578.004,79	-37.163.995,31	-12.665.085,53	603.048,49	3.336.973.981,33

New transactions entered into by the SNCB Group include, excluding capitalization of interests:

- an additional levy on an existing credit line for a real estate project in Wetteren;
- a finance lease;
- 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 payment obligations and related investment accounts;
- emissions under the Commercial Paper program;
- short-term transactions with related companies outside the scope of consolidation.

In addition to the new operations mentioned above, the SNCB Group has also concluded a contractually planned refinancing with Eurofima for a total amount of 55,3 million EUR for which the existing financing at a floating rate has been replaced by new floating interest-rate financing for a period of 10 years.

Total payments may be subdivided into repayments of the nominal amount of existing debts (586.420.744,44 EUR) and interest payments (64.287.735,29 EUR).

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

Characteristics of the financial liabilities

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

<i>Characteristics of the financial liabilities</i>						31/12/2017	
	Currency	Coupon	Final maturity	Nominal (Currency)	Carrying amount (EUR)		
Bank overdrafts	EUR	N/A	< 1 year	0,00	0,00		
	<i>Total EUR</i>			<i>0,00</i>	<i>0,00</i>		
Total bank overdrafts				0,00	0,00		
Bank borrowings	EUR	Floating	< 1 year	114.350.000,00	114.345.889,75		
			1 - 2 years	163.000.000,00	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		
	<i>Total EUR</i>			<i>1.821.131.202,25</i>	<i>1.819.870.225,86</i>		
	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		
	<i>Total USD</i>			<i>79.949.835,18</i>	<i>69.560.938,30</i>		
Total bank borrowings				1.889.431.164,16	1.889.431.164,16		
Bonds	EUR	Floating	2 - 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		
	<i>Total EUR</i>			<i>752.000.000,00</i>	<i>651.274.542,94</i>		
Total bonds				651.274.542,94	651.274.542,94		
Finance lease liabilities	EUR	0% - 2%	< 1 year	114.295,30	114.295,30		
			2 - 5 years	4.124.739,00	4.124.739,00		
		2% - 4%	> 5 years	7.363.474,97	7.422.954,18		
		> 10%	> 5 years	5.004.564,18	5.004.564,18		
	<i>Total EUR</i>			<i>16.607.073,45</i>	<i>16.666.552,66</i>		
Total finance lease liabilities				16.666.552,66	16.666.552,66		
Commercial paper	EUR	N/A	< 1 year	350.000.000,00	350.057.888,33		
	<i>Total EUR</i>			<i>350.000.000,00</i>	<i>350.057.888,33</i>		
Total commercial paper				350.000.000,00	350.057.888,33		
Other financial liabilities	EUR	Variable	< 1 year	22.643.859,43	22.643.859,43		
		0% - 2%	< 1 year	6.136,52	6.136,52		
		4% - 6%	2 - 5 years	186.930.294,00	187.121.245,33		
	<i>Total EUR</i>			<i>209.580.289,95</i>	<i>209.771.241,28</i>		
	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		
	<i>Total USD</i>			<i>208.873.699,34</i>	<i>219.772.591,96</i>		
Total other financial liabilities				429.543.833,24	429.543.833,24		
Total financial liabilities				3.336.973.981,33	3.336.973.981,33		

<i>Characteristics of the financial liabilities</i>		31/12/2016			
	Currency	Coupon	Final maturity	Nominal (Currency)	Carrying amount (EUR)
Bank overdrafts	EUR	N/A	< 1 year		
	<i>Total EUR</i>			0,00	0,00
Total Bank overdrafts				0,00	0,00
Bank borrowings	EUR	Floating	< 1 year	144.443.723,96	144.365.463,26
			1 - 2 years	114.350.000,00	114.346.575,85
			2 - 5 years	263.000.000,00	263.136.766,45
			> 5 years	413.344.692,18	413.362.329,46
		0% - 2%	2 - 5 years	200.000.000,00	200.677.222,22
			> 5 years	371.651.300,00	372.355.342,68
		2% - 4%	> 5 years	415.000.000,00	405.538.024,36
	<i>Total EUR</i>			1.921.789.716,14	1.913.781.724,28
	USD	4% - 6%	> 5 years	34.588.057,01	34.729.813,76
		6% - 8%	> 5 years	40.794.780,31	39.935.440,50
	<i>Total USD</i>			75.382.837,32	74.665.254,26
Total bank borrowings					1.988.446.978,54
Bonds	EUR	Floating	2 - 5 years	109.000.000,00	109.041.315,83
		Zero Coupon	> 5 years	213.000.000,00	101.736.780,54
		0% - 2%	> 5 years	190.000.000,00	189.512.725,97
		2% - 4%	2 - 5 years	25.000.000,00	25.729.452,31
			> 5 years	100.000.000,00	102.211.011,69
		4% - 6%	2 - 5 years	60.000.000,00	61.544.246,57
			> 5 years	55.000.000,00	55.966.843,19
	<i>Total EUR</i>			752.000.000,00	645.742.376,10
Total bonds					645.742.376,10
Finance lease liabilities	EUR	0% - 2%	1 - 2 years	341.042,23	341.042,23
		2% - 4%	> 5 years	7.380.218,64	7.439.833,10
		6% - 8%	> 5 years	5.430.607,16	5.430.607,16
	<i>Total EUR</i>			13.151.868,03	13.211.482,49
Total finance lease liabilities					13.211.482,49
Commercial paper	EUR	N/A	< 1 year	445.000.000,00	445.071.113,62
	<i>Total EUR</i>			445.000.000,00	445.071.113,62
Total commercial paper				445.000.000,00	445.071.113,62
Other financial liabilities	EUR	Floating	< 1 year	8.243.859,43	8.243.859,43
		0% - 2%	1 - 2 years	18.409,56	18.409,56
		4% - 6%	2 - 5 years	105.475.414,00	105.606.609,09
			> 5 years	72.422.109,06	72.472.231,11
	<i>Total EUR</i>			186.159.792,05	186.341.109,19
	USD	4% - 6%	> 5 years	68.295.038,55	90.165.553,76
		6% - 8%	< 1 year	31.624.848,18	30.981.382,86
			> 5 years	105.782.637,53	132.575.290,47
	<i>Total USD</i>			205.702.524,26	253.722.227,09
Total other financial liabilities					440.063.336,28
Total financial liabilities					3.532.535.287,03

21.2 Financial liabilities relating to finance lease

Maturities of the finance lease liabilities are as follows:

	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Present value of future minimum payments - 31/12/2017				
Future minimum lease payments	3.190.904,18	9.769.352,44	21.261.865,02	34.222.121,64
Future interests / expenses on contracts	-1.149.266,63	-3.428.759,94	-12.977.542,41	-17.555.568,98
Total	2.041.637,55	6.340.592,50	8.284.322,61	16.666.552,66
Present value of future minimum payments - 31/12/2016				
Future minimum lease payments	1.973.657,32	7.091.364,27	23.006.018,38	32.071.039,97
Future interests / expenses on contracts	-1.244.509,29	-4.051.250,90	-13.563.797,29	-18.859.557,48
Total	729.148,03	3.040.113,37	9.442.221,09	13.211.482,49

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

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

Note 22 – Deferred tax assets/liabilities

	31/12/2017	31/12/2016
Current taxes		
Current tax receivables	0,00	0,00
Current tax debts	-361.377,59	-3.638.350,26
Net position for current taxes	-361.377,59	-3.638.350,26
Deferred taxes		
Deferred tax assets	20.942.917,37	0,00
Deferred tax liabilities	-1.858.544,34	-24.486,80
Net position of deferred taxes	19.084.373,03	-24.486,80

Movements of the reporting period can be summarised as follows:

	31/12/2017	31/12/2016
Deferred tax assets		
As at 1 January	-24.486,80	-27.914,79
Business combination	-1.891.457,14	
Taxes recognised in net result	19.576.305,09	3.427,99
Taxes recognised in other comprehensive income	1.424.011,88	
As at 31 December	19.084.373,03	-24.486,80

	Financial statement	
	31/12/2017	31/12/2016
Deferred tax assets		
Tax losses carried forward and fiscal deductions	223.704.618,46	487.308.619,01
Liabilities for employee benefits	35.796.409,24	48.633.799,98
Write down on trade and other receivables	93.680,63	
Property, plant and equipment and investment properties	133.181,33	
Financial instruments at fair value	21.039.228,38	46.854.178,68
Provisions	64.233.644,01	
Gross deferred tax assets	345.000.762,05	582.796.597,67
Deferred tax liabilities		
Property, plant and equipment and investment property	12.760.327,81	47.897.534,36
Gross deferred tax liabilities	12.760.327,81	47.897.534,36
Less unrecognized deferred tax assets	-313.156.061,20	-534.923.550,11
Net position of deferred taxes	19.084.373,03	-24.486,80

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 SNCB Group's ability to recover deferred tax assets is assessed through an analysis based in particular on business plans and on the risks related to economic conditions and the uncertainties of the markets in which the SNCB Group operates. Because of the various uncertainties described above, the Group

used a three-year time horizon in its analysis. The underlying assumptions of this analysis are reviewed annually.

At 31 December 2017, the SNCB Group recognized a deferred tax asset of EUR 20.942.917,37 of which EUR 20.342.444,55 related to investment credits and EUR 600.472,82 relating to tax losses carried forward. The SNCB Group concludes that this deferred tax asset will be recoverable using estimated future taxable profits based on approved budgets over a three-year period. The SNCB Group expects to generate a taxable profit from 2018.

At 31 December 2017, the SNCB Group recognized a deferred tax liability following the business combination achieved in stages and the valuation at fair value of the assets acquired during this business combination (EUR 1.891.457,14). We refer you to note 16. Business Combinations for more details on this business combination achieved in stages.

The unrecognized deferred tax asset at 31 December 2017 amounts to EUR 313.156.061,20, which is mainly due to tax losses carried forward after 2020.

Recoverable tax losses and tax deductions are unlimited in time, with the exception of EUR 8.696.656,46 (2016: EUR 8.696.656,46) which can be recovered over a period of up to 7 years.

Note 23 – Trade and other payables

		31/12/2017	31/12/2016
	Note		
Non-current trade payables			
Suppliers		140.595,00	142.140,00
Advances received relative to construction contracts	10	20.339.882,84	9.326.052,12
Total		20.480.477,84	9.468.192,12
Current trade payables			
Public authorities		2.070.835,40	2.379.639,25
Suppliers		399.628.442,00	387.643.073,10
Advances received relative to construction contracts	10	5.985.149,02	6.256.617,14
Total		407.684.426,42	396.279.329,49
Total trade payables		428.164.904,26	405.747.521,61

Of which:

		31/12/2017	31/12/2016
Non-current			
SNCB		20.339.882,84	9.326.052,12
Other subsidiaries		140.595,00	142.140,00
Carrying value		20.480.477,84	9.468.192,12
Courant			
SNCB		365.611.984,33	358.288.959,41
Other subsidiaries		42.072.442,09	37.990.370,08
Carrying value		407.684.426,42	396.279.329,49

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

Note 24 – Social debts

	31/12/2017	31/12/2016
Withholding tax	274.950,87	246.311,36
Social security contributions	462.527,39	145.067,41
Wages	90.765,23	113.012,02
Holiday pay	55.049.542,04	55.645.591,70
Other social debts	36.775.801,23	35.429.801,00
Total	92.653.586,76	91.579.783,49
Of which		
Social debts that are due	1.406.555,33	1.215.441,53
Social debts not yet due	91.247.031,43	90.364.341,96

As per 31 December 2017 (2016), the SNCB holds 85.936.111,34 EUR (85.205.000,16 EUR) of total consolidated social debts (not yet due). The part held by its subsidiaries in the total of social debts amounts to 6.717.475,42 EUR (6.374.783,33 EUR).

Note 25 – Grants

25.1 Investment grants

The changes during the year can be summarized as follows:

	31/12/2017	31/12/2016
Investment grants		
At the beginning of the year	6.437.657.290,86	6.104.854.589,37
New grants	653.473.545,31	683.971.050,59
Allocated to property, plant and equipment and intangible assets	-381.081.184,90	-351.168.349,10
Other movements	0,00	0,00
Balance at the end of the period	6.710.049.651,27	6.437.657.290,86
Of which		
Non-current	6.340.313.170,77	6.071.274.437,10
Current	369.736.480,50	366.382.853,76

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

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

The new grants that are granted in 2017 are completely attributed to the parent company. There are no new investment grants acquired by the subsidiaries.

The amount of -381.081.184,90 EUR in 2017 (2016: -351.168.349,10) relates for -381.641.911,80 EUR (2016: -361.039.218,95 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 operating grants, through operating result, of operating grants that were cancelled (through operating result) following the disposal of subsidised assets.

25.2 Operating grants

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

	31/12/2017	31/12/2016
Operating grants		
At the beginning of the period	371.549.485,08	384.189.525,50
New grants	1.188.327.555,99	1.130.465.684,75
Payments received	-1.061.668.505,49	-1.141.305.725,17
Other movements	0,00	-1.800.000,00
Balance at the end of the period	498.208.535,58	371.549.485,08

	31/12/2017	31/12/2016
New operating grants		
SNCB	1.188.181.050,50	1.130.259.144,31
Subsidiaries	146.505,49	206.540,44
Total	1.188.327.555,99	1.130.465.684,75

The operating grants of the SNCB Group are mainly those of the parent company. They include the (fixed and variable) basis allocation, the allowances for security, the battle against terrorism and radicalism and economic recovery (until 2016).

Grants acquired to compensate for the State's share of free commuting (home-work) are recorded in the turnover.

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

25.3 Financial grants

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

	31/12/2017	31/12/2016
Financial grants to be received		
At the beginning of the period	15.609.566,33	14.280.733,35
New grants	28.026.065,66	28.632.139,90
Payments received	-26.346.024,89	-27.303.306,92
Other movements	102.643,49	0,00
Balance at the end of the period	17.392.250,59	15.609.566,33

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

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

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

Note 26 – Other amounts payable

	31/12/2017	31/12/2016
Other amounts payable - non-current		
Funds managed for third parties	106.364.528,22	149.062.114,21
Fees relating to cross border arrangements	31.141.458,49	35.152.445,55
Debts to related parties	0,00	17.304.346,16
Guarantees in cash	236.107,88	236.107,88
Other amounts payables	129.934,54	817.800,00
Total	137.872.029,13	202.572.813,80
Other amounts payable - current		
Funds managed for third parties	74.379.159,37	75.000.000,00
Fees relating to cross border arrangements	4.010.987,06	4.550.021,20
Deferred income	129.746.931,68	117.283.478,95
Accrued expenses	17.686.487,50	20.461.265,94
CSA	26.400.000,00	42.300.000,00
Debts to related parties	391.896,31	1.883.685,49
Various debts relative to the State	3.130.602,10	5.437.585,44
VAT, taxes and withholding tax to be paid	2.968.269,38	2.711.365,63
Other amounts payables	32.821.644,38	23.056.569,17
Total	291.535.977,78	292.683.971,82
Total other amounts payable	429.408.006,91	495.256.785,62

As per 31 December 2017, SNCB holds 408.048.735,28 EUR (479.716.830,03 EUR in 2016) of total other liabilities. The remaining part of 21.359.271,63 EUR (15.539.955,59 EUR in 2016) relates to the subsidiaries.

Other amounts payable of SNCB include in particular at 31 December 2017:

- EUR 180.743.687,59 (EUR 224.062.111,21 in 2016) of debts towards the State under the RER Fund, an almost equivalent amount (EUR 180.743.286,70), not available for SNCB, is recorded under Cash and cash equivalents (see Note 14. Cash and cash equivalents);
- 35.152.445,55 EUR (39.702.466,75 EUR in 2016) commissions on alternative financing transactions (NPV);
- SNCB's non-current debt towards HR Rail (a related company under equity method in the 2017 and 2016 financial statements) of EUR 17.169.098,75 which was recognized during the reorganization in 2014, was transferred to Financial liabilities as of 31 December 2017, and was repaid to HR Rail. Interest of EUR 467.750,27 related to this debt was paid in 2017;

- EUR 26.400.000,00 (EUR 42.300.000,00 in 2016) in cash guarantees paid following the Credit Support Annex (CSA). The net amount of the guarantees paid in cash under the CSA with financial institutions amounts to EUR 282.839.368,00 (309.239.368,00 Trade and other receivables and EUR 26.400.000,00 Other debts);
- EUR 14.467.174,70 (EUR 7.590.068 in 2016) recognized in consideration of the receivable contested by the NS relating to the 'samenwerkingafpraak' concerning the ICZ Brussels-Amsterdam.

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

The liabilities related to the State in 2017 include mainly the part of the operating grants and the investment grants received by the SNCB within the framework of the antiterrorism measures that are higher than the real operating and investment expenses of the company (2.470.603,14 EUR).

Note 27 – Operating income and expenses

27.1 Operating income

27.1.1 Turnover

	31/12/2017	31/12/2016
Transport	803.576.214,18	746.634.603,03
<i>National</i>	701.421.071,60	648.875.700,69
<i>International</i>	96.446.339,31	86.330.042,27
<i>Freight Services</i>	5.708.803,27	11.428.860,07
Assets management (rolling stocks + real estate)	249.436.772,71	245.699.692,56
Delivery of services	19.061.728,23	46.666.633,23
Sale of assets	12.315.962,68	28.741.432,18
Miscellaneous	31.115.960,37	60.973.476,58
Total turnover	1.115.506.638,17	1.128.715.837,58

Of which:

	31/12/2017	31/12/2016
SNCB	1.072.241.023,85	1.047.785.898,55
Publifer	12.536.937,76	0,00
Ypto	8.899.245,07	9.422.241,14
Group Eurostation	7.943.777,37	42.902.078,66
Transurb	5.365.972,33	11.358.583,05
B-Parking	1.659.073,03	2.475.714,97
Other subsidiaries	6.860.608,76	14.771.321,21
Total turnover	1.115.506.638,17	1.128.715.837,58

27.1.2 Other operating income

	31/12/2017	31/12/2016
Gain on disposal of intangible assets, property, plant and equipment, investment property and non-current assets held for sale	8.108.372,69	17.778.497,25
Gain on disposal of interests under the equity method	3.921,79	0,00
Gain on contribution of a business to THI Factory	0,00	3.420.000,00
NPV on cross-border arrangements	4.805.928,43	7.146.417,48
Expenses recharged	4.150.620,83	17.359.364,15
Miscellaneous operating income (fines, received compensation, etc.)	4.994.734,42	21.842.418,39
Other	15.461.191,19	18.596.001,91
Total other operating income	37.524.769,35	86.142.699,18

Of which:

	31/12/2017	31/12/2016
SNCB	36.391.639,99	76.156.647,46
Group Eurostation	73.118,09	8.165.907,44
Other subsidiaries	1.060.011,27	1.820.144,28
Total other operating income	37.524.769,35	86.142.699,18

At 31 December 2017, the gains on disposal of intangible assets, property, plant and equipment and non-current assets held for sale relate mainly to the SNCB (7.146.164,78 EUR) and concern the disposal of rolling stock and land and buildings. They also include an amount of EUR 562.407,07 generated following the sale of ATO outside the Group (see note 15. Non-current assets held for sale). The capital gain on disposal of interests under equity method of EUR 3.921,79 relates to the sale by Transurb to Infrabel of its shares in Tuc Rail.

In 2017, the Other operating income include an amount of EUR 8.480.480,12, recorded at SNCB concerning the recovery plan (2013 litigation) and corresponding to the nominal amount received from the tax authorities for benefits from October to December 2012, following a decision in favor of SNCB received on 24 October 2017.

In 2016, the gain on contribution of a business to THI Factory concerns the contractual foreseen adaptation of the payment related to the contribution in THI Factory. The expenses recharges in 2016 include an amount of 14.472.439,00 EUR related to the SNCB for the intervention of the NS in the operational losses of ICZ Brussels-Amsterdam within the framework of the "Samenwerkingsafpraak". The miscellaneous operating income for 2016 include an indemnity of EUR 16,000,000.00 paid by Siemens.

27.2 Operating expenses

27.2.1 Services and other goods

	31/12/2017	31/12/2016
Long term rent and rental charges	38.903.843,34	45.327.576,84
Maintenance and repairs	84.233.644,72	88.011.011,74
Goods	119.949.612,09	123.159.518,22
Expenses related to operational activities	29.453.726,31	29.042.582,96
Payments to third parties	126.066.916,52	150.176.205,48
Contributions	701.469.139,77	666.492.646,35
HR Rail costs and miscellaneous personnel costs	53.994.151,71	50.337.357,84
Provisions for risks and charges	-22.885.638,95	53.689.348,95
Other	58.094.602,23	92.141.300,61
Total services and other goods	1.189.279.997,74	1.298.377.548,99

Of which:

	31/12/2017	31/12/2016
SNCB	1.086.373.518,18	1.157.723.225,74
Group Eurostation	28.800.905,84	58.822.851,67
Ypto	50.288.552,90	60.930.463,31
Publifer	2.705.521,11	0,00
SPV LLN	0,00	7.306.898,63
Eurogare	12.073.130,02	5.109.545,07
Other subsidiaries	9.038.369,69	8.484.564,57
Total services and other goods	1.189.279.997,74	1.298.377.548,99

27.2.2 Other operating expenses

	31/12/2017	31/12/2016
Losses on disposal of property, plant and equipment, intangible assets, investment property and non-current assets held for sale	1.351.504,06	1.009.837,90
Losses on disposal of interests under equity method	0,00	496.298,18
Impairment on trade and other receivables	-1.845.969,58	18.509.530,21
Impairment on contracts in progress	1.165.339,01	-167.537,99
Impairment on inventories	11.417.062,38	12.817.887,05
Impairment on non-current assets held for sale	3.063.286,87	9.588.007,87
Other operating expenses	11.188.500,32	7.463.391,34
Total other operating expenses	26.339.723,06	49.717.414,56

Of which:

	31/12/2017	31/12/2016
SNCB	23.903.641,09	43.539.899,64
Subsidiaries	2.436.081,97	6.177.514,92
Total other operating expenses	26.339.723,06	49.717.414,56

The loss on disposal of 1.351.504,06 EUR are the consequence of the sale of the buildings and land of the SNCB. In 2016, the sale by the SNCB of Liège Container Terminal, company accounted for under equity method, has generated a consolidated loss of 496.298,18 EUR

Note 28 – Employee benefit expenses

28.1 Employee benefit expenses

		31/12/2017	31/12/2016
	Note		
Wages, salaries and other short-term benefits		1.079.482.076,85	1.059.735.032,70
Social security expenses		9.571.243,08	8.340.047,60
Defined contribution plans		2.595.515,97	2.557.918,10
Post-employment benefits	19.3	9.186.273,72	8.600.249,61
Other long-term employee benefits	19.3	45.888.188,12	44.439.110,94
Termination benefits	19.3	-1.397.887,07	1.670.012,14
Other		1.879.795,33	3.398.156,68
Total employee benefit expenses		1.147.205.206,00	1.128.740.527,77

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

28.2 Staff

	31/12/2017	31/12/2016
A. Staff		
Average number of employees (in FTE)	18.764	19.368
Blue-collar workers	9.942	10.352
White-collar workers	8.480	8.693
Management	342	324
Others	1	0
B. Interim personnel (in FTE)		
Average number based on the full time equivalents	N.D.	N.D.

Note 29 – Financial income and expenses

29.1 Financial income

		31/12/2017	31/12/2016
	Note		
<i>Interest income on</i>		<u>23.757.347,47</u>	<u>22.649.642,21</u>
unimpaired held to maturity investments		47.922,67	11.475,00
impaired held to maturity investments		0,00	0,00
unimpaired loans and receivables		21.719.062,55	19.207.600,34
impaired loans and receivables		0,00	1.131,09
derivatives		-744.441,48	-132.983,58
financial assets measured at fair value through profit or loss		2.734.803,73	3.562.419,36
available for sale financial assets	12.2	0,00	0,00
<i>Net change in fair value of</i>		<u>73.924.445,52</u>	<u>48.860.283,56</u>
financial assets designated at fair value through profit or loss		444.628,04	0,00
financial liabilities designated at fair value through profit or loss		12.665.085,53	1.261.671,60
derivatives		60.814.731,95	47.598.611,96
available for sale financial assets recycled into net result		0,00	0,00
<i>Gains from foreign exchange differences</i>		6.336.911,79	16.883.634,79
<i>Gain on disposal of loans and receivables</i>		0,00	1.396.294,52
<i>Dividends received</i>		11.923,20	2.915.186,62
<i>Other financial income</i>		14.589.887,84	800.508,94
Total financial income		118.620.515,82	93.505.550,64

29.2 Financial expenses

		31/12/2017	31/12/2016
	Note		
<i>Interest expenses on</i>		<u>62.214.314,41</u>	<u>73.386.925,02</u>
financial liabilities measured at amortised cost		28.823.282,20	33.307.936,99
Derivatives		20.710.208,47	24.389.927,23
financial assets liabilities at fair value through profit or loss		5.723.928,88	6.784.821,40
finance lease liabilities		1.303.988,50	1.382.976,26
employee benefit obligations	19.3	5.547.324,48	6.868.072,56
provisions	20	105.581,88	653.190,58
<i>Capitalised finance costs</i>		-134.935,18	-66.004,62
<i>Net change in fair value of</i>		<u>44.403.224,07</u>	<u>46.823.377,06</u>
financial assets designated at fair value through profit or loss		1.773.846,55	1.777.871,41
financial liabilities designated at fair value through profit or loss		0,00	4.409.378,55
derivatives		42.629.377,52	40.636.127,10
available-for-sale financial assets recycled into net result		0,00	0,00
<i>Impairment on</i>		<u>18.323,13</u>	<u>1.131,09</u>
available-for-sale financial assets	12.2	0,00	0,00
held-to-maturity investments		0,00	0,00
on loans and receivables		18.323,13	1.131,09
<i>Loss on disposal of loans and receivables</i>		0,00	0,00
<i>Losses from foreign exchange differences</i>		8.890.604,69	16.084.516,88
<i>Other financial expenses</i>		2.043.556,71	3.119.865,39
Total financial expenses		117.435.087,83	139.349.810,82

Interest received under Back to Back contracts and financial grants (see Note 25.3) are deducted from financial expenses.

Note 30 – Income tax

		31/12/2017	31/12/2016
	<u>Note</u>		
Current taxes through net income		-74.015,02	-5.499.028,10
Deferred taxes through net income	22	19.576.305,08	3.427,99
Deferred taxes through other comprehensive income	22	1.424.011,88	
Tax (expense)/income on total comprehensive income		20.926.301,94	-5.495.600,11
		2017	2016
Result before taxes		76.491.978,89	-238.449.025,10
Income taxes calculated based on tax rate of 33,99%		-25.999.623,63	81.048.823,63
Effect of disallowed expenses		-13.096.929,11	-13.749.281,06
Taxes related to interest under equity method		9.224.454,84	-6.478,42
Impact due to change in future tax rate		-19.408,19	0,00
Use of previously unrecognized deferred tax assets		30.662.327,86	0,00
Change in accounting of deferred tax assets		18.069.656,31	-60.423.076,41
Corrections regarding previous financial years		661.132,84	0,00
Other movements		679,15	0,00
Tax (expense)/income on total comprehensive income from continuing operations		19.502.290,06	-5.495.600,11

Note 31 – Contingent assets and liabilities

The contingent assets amount to 483.282,81 EUR (in 2016: 6.897.657,34 EUR) and represent mainly amounts claimed by the SNCB Group from third parties responsible for disability for staff members.

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

Note 32 – Additional information on financial instruments

32.1 Financial assets

	Classification according to IAS 39	Carrying amount at 31/12/2017	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	752.475.252,23	752.475.252,23	803.277.448,51	803.277.448,51
	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	254.304.610,26	254.304.610,26	299.242.346,03	299.242.346,03
Other financial assets	Available-for-sale assets at fair value through equity	51.885.762,55	51.885.762,55	51.274.180,31	51.274.180,31
	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	385.106.027,49	463.977.369,08
Total		1.674.241.083,94	1.754.911.812,17	1.738.390.462,34	1.817.261.803,93
Current financial assets					
Trade and other receivables	Loans and receivables measured at amortised cost	1.124.977.317,44	1.124.977.317,44	1.214.264.080,19	1.214.264.080,19
	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	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	251.075,50	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	31.272.067,75	31.347.274,51
	Financial assets held to maturity measured at amortised cost	5.359.630,54	5.350.903,12	0,00	0,00
Total		1.135.092.060,22	1.135.083.332,80	1.246.175.901,99	1.246.251.108,75

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

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

The fair value of financial assets measured at amortised cost (included in Other financial assets) is calculated using the same models and assumptions as those used for determining the fair value of financial assets designated as at fair value through profit or loss on initial recognition.

The table below details changes in the fair value of financial assets recognized at 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 foreign exchange 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
Au 31 décembre	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.

32.2 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	2.697.335.707,31	3.037.366.356,99	2.735.948.797,10	3.115.046.164,47
	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
Derivatives	Financial liabilities at fair value through profit or loss	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	140.595,00	140.595,00	142.140,00	142.140,00
Other liabilities	Financial liabilities measured at amortised cost	106.606.436,10	106.606.436,10	166.608.368,25	166.608.368,25
Total		3.327.498.742,12	3.667.529.391,80	3.503.888.221,89	3.882.985.589,26
Current financial liabilities					
Financial liabilities	Financial liabilities measured at amortised cost	511.778.657,68	511.598.916,02	647.617.564,35	647.476.516,59
	Financial liabilities designated at fair value through profit or loss	601.980,70	601.980,70	1.304.962,04	1.304.962,04
Derivatives	Financial liabilities at fair value through profit or loss	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	396.200.129,24	396.200.129,24	373.464.686,12	373.464.686,12
Other liabilities	Financial liabilities measured at amortised cost	152.393.567,63	152.393.567,63	167.538.037,98	167.538.037,98
Total		1.071.400.064,91	1.071.220.323,25	1.202.499.013,98	1.202.357.966,22

The above analysis only concerns financial liabilities according to IFRS 7, excluding therefore deferred income, amounts relating to construction contracts, etc.

The SNCB Group considers the nominal value of "trade and other receivables" and "other liabilities" as a reasonable estimate of their fair value. "Trade and other receivables" consist mainly of short-term debts with no significant financing component and "other liabilities" mainly include debt recognized towards the State for the management of resources under the REN Fund (short and long-term) and cash received under CSA contracts.

The fair values of the comparison of debt assets valued at amortized cost are calculated using the same models and assumptions as those used for the valuation of debts for which the SNCB Group has voluntarily chosen recognition in the category "Financial liabilities at fair value through profit or loss".

The table below details changes in the fair value of financial liabilities recognized as 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 foreign exchange differences.

	2017	2016
Balance at 1 January	151.045.601,99	202.709.660,36
<i>Market risk</i>	-8.538.988,75	-3.588.146,39
<i>Credit risk</i>	-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
Au 31 décembre	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.

Changes in the fair value of financial instruments are presented in note 11. Derivatives.

Note 33 – Cross-border arrangements

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

- Rolling stock (diesel and electrical engines, self-propelled cars, high-speed trains and passenger coaches): the related agreements have an initial basic term between 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 prior consent of the Trust). The risks are limited to risks related to the ownership of the asset, risks arising from Belgian legislation and the credit risk of counterparties to which the investment account was maintained.

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

The investment accounts (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 consolidated statement of financial position except for investment accounts with Governmental entities or supranational organizations counterparties (or guaranteed by Governmental entities) which 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 (331.515.161,4 EUR) has been recognised as investment accounts. On the other hand, 961.518.672,27 EUR (986.361.122,97 EUR) as per 31 December 2017 (2016) has been recognised with respect to the payment obligations towards the Trust.

For certain transactions, the SNCB Group used derivatives in order to hedge interest rate and foreign exchange risks. In those cases the SNCB Group applied the fair value option as stipulated by IAS 39 to account for the financial assets and liabilities. The use of derivatives is explained in note 11. As per end 2017 (2016) the fair value of the 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, 4.803.775,66 EUR (2016: 7.144.264,71 EUR) were recognised in the operating result. The decrease in recognition of fees is the consequence of the contractual ending of certain transactions in 2017.

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

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

Note 34 – Rights and obligations

The amount of contractual commitments for the acquisition of property, plant and equipment and investment properties is 517.736.196,29 EUR (608.948.491,58 EUR) as at 31 December 2017 (2016).

The amount of contractual commitments for the acquisition of services is 1.091.129.887,13 (1.049.085.605,71 EUR) 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 SNCB Group 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 SNCB Group amount to 2.113.007.506,22 EUR (1.513.007.506,22 EUR) as at 31 December 2017 (2016).

Commitments for future minimum rent payments due under contracts of non-cancellable operating leases amount to 5.860.890,32EUR (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 0,00 EUR (46.590,08 EUR) to over 5 years.

Guarantees given by third parties on behalf of the SNCB Group amount to 1.987.007.652,96 EUR (2.127.484.158,56 EUR) as at 31 December 2017 (2016) and mainly relate to the securities given by the State within the framework of the cross-border arrangements.

Goods and values held by third parties on their behalf but for which the risks and rewards are assumed by the Company represent 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 SNCB Group 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 SNCB Group 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 447.576.826,02 EUR (455.088.372,82 EUR) as at 31 December 2017 (2016).

At 31 December 2017, the SNCB Group has a commitment of 10.000.000 EUR relating to “overdraft facility” towards Linesas 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 SNCB Group also has a commitment of 200.000,00 EUR corresponding to the variable part of the sale price depending on the outcome of an ongoing claim.

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

Note 35 – Information on related parties

35.1 Consolidated companies

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

35.2 Relations with the State

35.2.1 Holding interests

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

35.2.2 Management contracts

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

The implementation of the next management contract is in progress.

The goal of the SNCB:

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

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

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

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

35.2.3 Services to public administrations

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

35.3 Relations between the companies of the SNCB Group

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

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

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

Grants granted by public authorities are detailed in note 25.

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

	31/12/2017	31/12/2016
Turnover realised with interests under equity method	131.554.872,32	143.169.581,03
Net receivables on interests under equity method	117.959.827,71	128.469.629,10
Net receivables on public authorities	1.222.922.074,42	1.224.242.019,33
Debts to interests under equity method	51.943.534,86	65.125.831,74

35.5 Relations with key management

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

The total amount of compensation provided to directors and members of the management committees amounts to 1.691.479,88 EUR in 2017 (1.965.776,79 EUR in 2016). The directors did not receive any loans or advances from the SNCB. For the list of directors and members of the management committee, we refer to note 1.

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

- short-term benefits: annual salary (fixed and variable) and short-term fringe benefits such as health insurance, private use of a company car, ... as well as social security contributions paid on these benefits;
- termination benefits;

- post-employment benefits: insurance premiums paid by the SNCB, essentially covering an additional retirement plan;
- any severance payments.

Key management compensation is as follows:

	31/12/2017	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 36 – Auditors fees

In 2017 (2016), the SNCB Group booked an amount of 451.627,08 EUR (346.260,08 EUR) relative to audit assignments by the auditors of the SNCB Group and their network and an amount of 23.791,20 EUR (12.123,00 EUR) for non-audit services provided by the auditors and associated firms.

These amounts can be detailed as follows:

	31/12/2017		31/12/2016	
	Auditor	Related to the auditor	Auditor	Related to the auditor
Assignments related to the review of the financial statements	451.627,08		346.260,08	
Assignments related to tax consultancy	22.141,20			
Other assignments	1.650,00		12.123,00	
Total	475.418,28	0,00	358.383,08	0,00

Note 37 – Events after the reporting date

An asbestos presence was detected, after the date of closure of the accounts, in the painting of certain freight wagons which SNCB maintains for third parties. SNCB made the decision to take paint samples on all types of freight wagons (built before 2000) which are maintained in its workshops in Gentbrugge, Antwerp and Monceau. SNCB has decided to stop some work in these three workshops and to carry out additional tests and an in-depth study to determine the risks, the measures to be taken and the related costs.

No provision has been booked as of 31 December 2017 as the amount of the obligation cannot currently be measured with sufficient reliability.

SNCB will also carry out work to update the inventory of its rolling stock and property assets in order to determine and specify any level of pollution.

With the exception of what is stated above, no significant event affecting the financial statements of the SNCB Group was observed after the closing date of 31 December 2017.