CLIENT-CENTRAL

Annual report 2016

SNCB

Content

1. Annual report of the SNCB prepared in application of articles 95 and 96 of the Company Code

SNCB annual report drawn up pursuant to articles 95 and 96 of the Companies' Code.

In accordance with articles 95 and 96 of the Companies' Code, the Board of Directors has drawn up its annual report.

1. Evolution of activities and results

Accounting principles

Since financial year 2011, the accounting of SNCB (previously referred to as SNCB Holding) has been carried out in accordance with IFRS standards, pursuant to article 89 of the management contract concluded with the State, but also in order to meet the expectations of investors.

Nonetheless, the company financial accounts have been drawn up in accordance with two sets of accounting principles (Belgian B-GAAP standards and IFRS standards). The duality of the accounting principles has resulted in differing figures, given that the accounting rules vary according to the standards used. According to IFRS, the net result for 2016 amounts to €-277.9 million, but must be reworked as follows in order to produce the net result according to B-GAAP (€-249.7 million):

- financial provision for derivative instruments recorded in B-GAAP (€+18.1 million);
- changes in fair value related to other financial instruments not recorded in B-GAAP (€-2.1 million);
- gains on revalued fixed assets in B-GAAP (€+1.9 million);
- cancellation of the revaluation surplus in B-GAAP, while this concerns a depreciation on revalued fixed assets in IFRS (€+7.8 million);
- other IFRS changes (€+2.5 million).

Since this annual report is appended to the annual accounts filed with the National Bank of Belgium, which is drawn up in accordance with Belgian standards, the above-mentioned figures were calculated in accordance with this set of accounting principles. Moreover, it is these accounts which are the subject of the certification report drawn up by the Board of Auditors.

The company accounts according to IFRS can be consulted at the company website (http://www.belgianrail.be/nl/corporate/publicaties/jaarverslag.aspx)

Income statement

Consolidate statement of comprehensive income (in M €)	2016	2015	Delta
Sales and services	**2.411,3**	**2.616,3**	**-205,0**
Turnover	2.193,2	2.231,9	-38,7
Stocks of work in progress, finished goods and orders in progress	-4,0	47,5	-51,5
Fixed asset own construction	144,8	138,1	6,7
Other operating income	42,3	41,9	0,4
Non recurring operating income	35,0	156,9	-121,8
Costs of sales and services	**-2.524,0**	**-2.497,4**	**-26,6**
	-79,8	-83,0	3,2
Miscellaneous goods and services	-2.240,2	-2.363,2	123,1
Remunerations, social charges and pensions	0,0	0,0	0,0
Other operating costs	-4,8	-5,1	0,3
Non recurring operating costs	-199,3	-46,0	-153,2
EBITDA	-112,7	118,9	-231,6
Depreciation	-371,6	-361,0	-10,6
Impairment	-24,1	-2,2	-21,9
Provisions	-79,3	71,1	-150,3
EBIT	-587,7	-173,3	-414,5
Financial result	338,0	337,9	0,1
EBT	-249,7	164,6	-414,4
Taxes	0,0	0,0	0,0
Net result	-249,7	164,6	-414,3

Operating result

The operating result includes both non-recurring charges and income, and costs and income cash or non-cash, or:

	2016	2015	Delta
Operating result cash	60,0	42,5	17,6
Recurring	*35,4*	*22,6*	*12,7*
Non-recurring	*24,7*	*19,8*	*4,9*
Operating result non-cash	-172,7	76,4	-249,2
OPERATING RESULT	**-112,7**	**118,9**	**-231,6**

The improvement of the operating result **cash recurring** (€+12.7 million) is mainly a result of:

- the decrease in services and other goods (€-96.5 million) including €-58.3 million relating to posted staff and agency workers, and €-36.5 million as a result of the contribution of activities in THI Factory on 1 April 2015;
- the decrease of sales, orders in progress included, by €94.4 million, including €-40.5 million as a result of the Thalys activity which was transferred to a subsidiary on 1 April 2015, €-16.5 million in services as part of investments for third parties, €-14.8 million as a result of the reduction of the activity of Freight Services/RCC compared with 2015 (decrease of the number of worked days invoiced to B-Logistics) and €-11.0 million in rental activities and maintenance services for third parties, €-8.1 million in national traffic sales partly influenced by the terrorist attacks;
- the increase of other operating income by €8.3 million including €+7.4 million in interventions from NS as part of the SWA contract - ICZ-Brussels-Amsterdam for 2016.

The improvement of the operating result **cash non-recurring** (€+4.9 million) as a result of:

- €+20.5 million in damages received in the context of the procurement of rolling stock;
- €+7.0 million in interventions from NS as part of the SWA contract – ICZ Brussels-Amsterdam for 2014 and 2015 (recorded in 2016);
- €-28.3 million in capital gains on disposals mainly related to THI Factory including €3.4 million in changes to the additional payment of THI Factory based on the actual data (in 2016) and €-32.5 million as a result of the surplus value on the contribution in THI Factory recorded in 2015.

The impairment of the operating result **non-cash** (€-249.2 million) is mainly a result of:

- €-124.1 million in surplus value realised on the contribution in THI Factory recorded in 2015;
- €-138.0 million in depreciations of land recorded in 2016.

As part of the investigation into the regularity of the retention of the revaluation surpluses, a test was carried out on depreciations of land, which were the subject of a revaluation during the restructuring on 1 January 2014. During this test, the revalued carrying value was compared with the market value, determined by the B-ST management on the basis of the comparable market values (and by an external expert for a major project, based on the residual value method), on 31 December 2016.

Depreciations were identified if the carrying value was higher than the market value. €138.1 million in depreciations were recorded via the result for the 2016, and €7.8 million in cancellations of revaluation surpluses.
The revaluation surpluses which were previously included in capital were not subjected to a capital reduction as a result of the depreciations pertaining to the revalued land. Given that it relates to a test for depreciations, no upwards revaluation was recorded when the market value was higher than the carrying value of the land.

Other important elements of the result

After observance of amortisations (€-371.6 million), depreciations (€-24.1 million) and provisions (€-79.3 million), the operating result (EBIT) amounted to €-587.7 million in 2016.

The financial results for 2016 are positive, amounting to €338.0 million. These results consist mainly of the net amortisation of capital grants (€351.1 million), the depreciation on NPV previously received during alternative financing operations (€7.1 million), from the take-back of the financial provision for derivative instruments linked to financial debt (€18.1 million), from the net cost of the debt borne by SNCB (€-45.0 million) and from the dividends of subsidiary companies, joint ventures and non-consolidated companies (€5.5 million).
The net result of the financial year is negative, amounting to €-249.7 million.

Balance sheet

Balance sheet (in M €)	2016	2015	Δ	Δ %
Fixed assets	**8.342,6**	**8.405,2**	**-62,6**	**-0,7%**
Intangible fixed assets	256,7	262,1	-5,4	-2,1%
Tangible fixed assets	7.498,0	7.548,3	-50,3	-0,7%
Financial fixed assets	587,9	594,8	-6,8	-1,1%
Current assets	**3.558,7**	**3.536,8**	**21,9**	**0,6%**
Amounts receivable after one year	1.141,7	1.101,7	40,0	3,6%
Stocks and contracts in progress	316,0	308,0	8,0	2,6%
Amounts receivable within one year	1.277,0	1.129,3	147,7	13,1%
Current investments	582,0	673,2	-91,2	-13,5%
Cash at bank and in hand	81,8	118,8	-37,0	-31,2%
Deferrals	160,1	205,8	-45,6	-22,2%
Assets	11.901,3	11.942,0	-40,7	-0,3%
Capital and reserves	**6.206,2**	**6.128,8**	**77,4**	**1,3%**
Capital	249,0	249,0	0,0	0,0%
Revaluation surplus	140,9	146,6	-5,7	-3,9%
Accumulated losses	-621,3	-371,6	-249,7	67,2%
Investment grants	6.437,6	6.104,8	332,8	5,5%
Provisions and deferred taxes	**727,4**	**668,7**	**58,7**	**8,8%**
Provisions	727,4	668,7	58,7	8,8%
Amounts payable	**4.967,6**	**5.144,5**	**-176,8**	**-3,4%**
Amounts payable after one year	3.004,4	2.690,8	313,6	11,7%
Amounts payable within one year	1.596,1	2.001,9	-405,8	-20,3%
Deferrals	367,2	451,8	-84,7	-18,7%
Liabilities	11.901,3	11.942,0	-40,7	-0,3%

The balance sheet total of the SNCB as of 31 December 2016 amounted to €11,901.3 million, a decrease of €40.7 million compared to 31 December 2015 (€11,942.0 million).

The balance sheet structure is still characterised by a significant portion of fixed assets (€8,342.6 million), mainly tangible fixed assets (€7,498.0 million).

Tangible and intangible fixed assets amounted to €7,754.7 million as of 31 December 2016, and have decreased by €55.7 million compared to 31 December 2015, mainly as a result of the realised investments (€506.5 million) minus amortisations (€-558.2 million).
Among other things, new investments included €223.8 million for the procurement and renovation of rolling stock, €103.6 million for the reception of passengers, and €120.5 million for the construction and relocation of workshops, and €8.8 million for the fight against terrorism.
These assets were 82.47% financed by capital grants from the federal government, 0.53% by other public authorities, and 16.98% by loans.

The remaining assets are made up by current assets (€3,558.7 million) which consist inter alia of €1,141.7 million in amounts receivable after one year, €1,277.0 million in amounts receivable within one year, and €663.8 million in financial investments and liquid assets.

Within the amounts receivable, there is €1,450.3 million in amounts receivable from the State, as part of the debt takeover on 1 January 2005 (Back to Back) and amounts receivable from the State and the Regions as part of the special agreements for the financing of investments, and as part of the management contract, and €326.8 million in issued guarantees as part of the CSA ("Credit Support Annex" connected to financial hedging instruments).

Liabilities are mainly made up by €6,206.2 million in equity capital, €727.4 million in provisions for risks and costs, €3,004.4 million in amounts payable after more than one year, and €1,596.1 in amounts payable within one year.

Evolution of debt

The **net financial debt** of the SNCB refers to:

debt contracted from financial institutions (debt which is included in the accounting);

+ long leases on the liabilities side of the balance sheet;
+ treasury loans (cashpooling) and interest-bearing liabilities towards subsidiary companies and associated companies;
– financial investments intended for the partial repayment of the nominal amount of the debt contracted from financial institutions;
– "back to back" transactions concluded with the State as part of the debt takeover on 1 January 2005 (Royal Decree of 30 December 2014);
- treasury advances (cashpooling) and interest-bearing receivables from subsidiary companies and associated companies;
– liquid assets and financial investments with financial institutions, if they are not managed on behalf of third parties (REN Fund, etc.).

Taking into account the Royal Decree of 25 December 2016, and the state of play with regards to the drafting of the new management contract, the definition of the economic debt has been adjusted. As such, the **economic debt** of SNCB should be understood to mean:

net financial debt;
+ the balance of the regional co-financing;
+ the balance of the capital grants provided for according to the management contract;
+ the balance of trade receivables and trade debts;
+ the balance of paid up and received guarantees with regards to the CSA agreements;
+ the net receivable with regards to operating grants.

Net financial debt amounts to €2,984.6 million as of 31 December 2016, an increase of €47.6 million in 1 year.

However, economic debt amounts to €2,629.2 million as of 31 December 2016 compared to €2,503.4 million as of 31 December 2015, or an increase of €125.8 million.

In accordance with the financial policy of SNCB, the fixed-rate portion of the net long-term debt needed to amount to at least 65% and at most 75% of the total net long-term debt, and the percentages of the fixed-rate and variable-rate debt amount to 80.37% and 19.63% respectively. This overshoot of the maximum fixed-rate threshold was approved by the Board of Directors on 23 December 2016.

2. Significant events after balance sheet date

We are not aware of any significant events which may have taken place between the closing date of the annual accounts and the date of their approval.

3. Circumstances that might have a significant influence on the company's development

In addition to the circumstances described below under the section 'risks associated with the use of financial instruments', it should be pointed out that no new management contract has been concluded with the government at the present time.

The preparations for drawing up a new management contract between SNCB and the Government are being finalised. In addition to SNCB's obligations, the management contract will also lay down the allowances which SNCB will receive for its public utility services, both in terms of investments and operating resources, as well as its offering, commercial policy, and policy related to fares.

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

4. Research and Development activities

No notable research and development activities took place in 2016.

5. Branch offices

SNCB does not have any branch offices.

6. Application of the continuity rules

The annual accounts are prepared in accordance with the continuity principle of the primary activities of SNCB. SNCB has the possibility to invoke a guarantee from the Belgian State worth a maximum of €1,138 million (SNCB has not invoked this State guarantee, and does not currently intend to).

On 22 November 2016, Moody's confirmed the long-term A1 rating of SNCB with 'stable' prospects, and the short-term P-1 rating. Standard & Poor's downgraded the rating of SNCB from A+ to A, but at the same time revised its prospects from 'negative' to 'stable'. The short-term A-1 rating remained unchanged.

Finally, the Board of Directors approved the 2017 financial planning on 31 March 2017, in which no financing problems came to light.

7. Reporting and control

In 2014, special attention was given to budgetary control and reporting resources, with the aim of limiting the risk of non-fulfilment of the budget objectives, and bringing all of the company's directorates in line with the common objectives, in economic, financial and operational terms, and the quality of customer services.
The Key Performance Indicators (KPIs) developed in this context will also be used to report the performance requirements, which are included in the management contract, to the State.

Every month, an activities report regarding financial transactions is drawn up by the Treasury department for the management of the Finance Directorate, Accounting, the Internal Audit and the Board of Auditors.

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

In addition, the Internal Audit is responsible for verifying the follow-up of financial policy laid down by the company, with regards to treasury and debt management, investment policy and financial risk management.

Given the prevailing internal regulations regarding risk management and limitation, it is clear that the existing contracts pertaining to derivative products can only have a marginal impact on the price, credit, liquidity and cash-flow risks of the company.

Every quarter, these risks are assessed against their market value, and the necessary provisions are built up or released.

In accordance with article 67 of the management contract with the State, the Finance Directorate regularly drafts a report for the Directorate-General for Sustainable Mobility and Railway Policy, and for Minister for Public Enterprises, regarding the spending of financial resources of the REN Fund.

8. Risks and uncertainties related to the use of financial instruments and the financial situation of the company

SNCB pursues an active risk management policy, in order to manage liquidity, exchange, interest, and credit risks. To this end, it has established a financial policy, approved by the Board of Directors, in which this risk management is strictly regulated.

In order to manage financial risks, derivative products can be used, in particular swaps, forward rate agreements, options, forward foreign exchange contracts with an underlying interest rate, inflation, exchange rates, energy products (including diesel and electricity for traction), or loans.

These transactions are recorded in accordance with IAS 32 and 39 for the accounts published in 'full IFRS', and in accordance with the Belgian accounting legislation for accounts published in Belgian GAAP.

When hedging transactions are concluded, 3 counterparties must be consulted in advance.

Trading transactions are excluded.

Liquidity Risk

When financing is contracted, the expected evolution of future cash-flows is taken into account, in order to level out and reduce the treasury balances as effectively as possible.
In addition, liquidity risk is absorbed by spreading the maturity of the debt over time. As such, a maximum of 20% of net long-term debt may come to maturity in the same year, with a maximum of 10% per quarter.

Exchange risk

For every contracted debt and every investment which results in the cumulative exchange risk exceeding €5 million for SNCB, the cash-flows must be immediately and fully converted to euro.

A fixed or floating interest rate can be payable on the hedged position.

Interest rate risk

The working methods to limit liquidity risks also apply for absorbing interest rate risk.

The target proportion of fixed-rate debt in net long-term debt is between 65% and 75%. This percentage can be adjusted depending on market conditions, provided that the procedures laid down have been followed.

The pre-financing concluded by SNCB for the REN equipment, and for the purchase of type 18 locomotives, which are the subject of hedging transactions, are not included in the calculation of the ratio.

Credit risk

Investments must have the character of a loan, and may not take place in risk-bearing capital. They are strictly tied to the minimum ratings of the counterparty, depending on the term of the investment.

Maximum amounts per counterparty are also established. These limits do not apply with regards to investment instruments issued or guaranteed by the Belgian State, the Flemish Community, the Walloon Community, the French-speaking Community, the German-speaking Community and the Brussels-Capital Region, nor for US Treasuries or investments with Eurofima.

These limits also do not apply for contractually required investments in the context of leasing transactions with the counterparty of the leasing, or the parent company of the counterparty. These investments can increase up to the outstanding amount of the leasing requirements.

With regards to derivative products, the credit risk pertaining to the counterparty must be spread and systematically hedged by concluding CSAs (Credit Support Annex). For these agreements, it is regularly calculated what amount would have to be paid net, either by SNCB or the counterparty, if all the outstanding derivative products concluded with this counterparty were to be ended immediately.

Using CSAs, the risk is limited to a maximum amount which varies depending on the rating of each party. A prolonged decrease of SNCB's rating would mean that significant amounts would have to be deposited with regards to the counterparties, in accordance with the provisions of the concluded CSAs.

For counterparties who have received a 'negative credit watch', no new agreements can be concluded during this 'negative credit watch' period.

The requirement to conclude a CSA does not apply for Eurofima.

Regional pre-financing and co-financing

The cooperation agreement between the State, the Flemish Region, the Walloon Region, and the Brussels-Capital Region, regarding the multiannual investment plan 2001-2012 of the (then unitary) SNCB, anticipated the possibility of:

- the pre-financing of infrastructure projects of regional importance, for which the pre-financed amounts are repaid by the Federal State, and interest charges are borne by the Region in question;
- the co-financing of works pertaining to major railway investments, for which the costs of the pre-financing (capital and interest) are fully repaid by the Region in question.

The following pre-financing arrangements currently exist with regards to SNCB:

- the realisation of a parking area at Louvain-la-Neuve (agreement of 2 June 2009) via a pre-financing agreement with SNCB.

and the following co-financing arrangements:

- construction of a connecting road and appurtenances for the purposes of the redevelopment of the station surroundings, and the redevelopment of the public space, at Mechelen (agreement of 19 December 2008) via a financing agreement with SNCB;
- the integration of a bus station in the station at Mons which is scheduled for construction (agreement of 1 March 2010), and the integration of a bus station in the existing station at Namur (agreement of 4 September 2012) via financing agreements with SNCB.

Of the originally planned pre-financing projects, it is only the construction of a new station at Gosselies airport for which no agreement has been signed.

On 14 December 2010, a cooperation agreement was concluded between the Flemish Region and De Lijn for the construction of a depot for De Lijn trams in Ostend. At the end of the works (31.05.2016), the depot was made available to De Lijn for a period of 15 years via a financial lease.

Transactions with related parties which are not performed in line with market conditions

Pursuant to the Royal Decree of 10 August 2009, SNCB must provide additional information regarding large-scale transactions with related parties which have not been performed in line with market conditions. This relates to companies which meet more than one criterion of article 16, §1, 1st paragraph, of the Companies' Code.

No important transactions were performed with other subsidiary companies, or subsidiaries of these subsidiary companies, of which SNCB is not the direct or indirect full owner.

For the sake of prudence, it should be pointed out that no significant transactions were performed under other conditions that the market conditions, with companies for which the State, who owns 99.97% of the shares of SNCB, was not the direct or indirect full owner. There were also no other significant transactions performed in line with other conditions than market conditions, with the members of the management bodies, the management itself, and the persons associated with them.

1.1 Coporate Governance

Corporate Governance

SNCB's statutes are significantly influenced by its legal status as a Limited Liability Company under Public Law. In the first instance, this status means that SNCB is subject to the law of 21 March 1991 reforming certain economic public undertakings. For all elements not regulated by this law, it is subjected to the Companies' Code.

Corporate Governance, a major challenge in today's world, requires the utmost diligence and completely transparent rules. As a public enterprise, SNCB fully endorses this pursuit of responsibility, and the effective management and control of its activities. As part of its public service missions, SNCB has direct corporate social responsibility with regards to its reference shareholder, the State, and its customers, the citizens who use the trains.

Corporate governance statement

With regard to the rules of corporate governance, SNCB concentrates on the reference code imposed under the Royal Decree of 6 June 2010 (Belgian Official Journal of 28 June 2010, page 39622 et seq.), subject to contrary provisions in the law of 21 March 1991 reforming certain economic public undertakings.

In order to be able to fulfil its missions, SNCB has the support of its Board of Directors as well as of three specialised committees: the Audit Committee, the Nominations and Remuneration Committee, and the RER Orientation Committee, as well as the Management Committee and several other consultation committees or commissions, including:

- the Steering Committee
- the National Joint Commission
- the Strategic Corporate Committee
- the Orientation Committee

In addition, there are also monitoring bodies such as the Government Commissioner and the Board of Auditors.
A more detailed description of the management structure and the working regulations of the management bodies is included in the Corporate Governance Charter. This is available on SNCB's website (www.nmbs.be).

Derogation from the Belgian Corporate Governance Code 2009

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

Provisions 4.1 and 4.2 state that the Board of Directors shall draw up nomination procedures and selection criteria for the directors, and that the chairperson or another non-executive director is in charge of the nomination process, but article 162a §2 of the law of 1991 stipulates that, with the exception of the two directors who fulfil the criteria listed in article 526b of the Companies' Code, and who are appointed by the General Meeting, the King shall appoint the directors according to the complementarity of their competencies.

Provision 4.6 states that the mandates of the directors may not exceed four years, while, in accordance with article 162a §3 of the law of 1991, the mandates of SNCB directors have a term of 6 years.

Provision 4.7 states that the chairperson is appointed by the Board; however, article 162a §5 specifies that the chairperson is appointed by the King.

Composition of the management and audit bodies in 2016

Board of Directors

Chairman:	Jean-Claude FONTINOY
Chief Executive Officer:	Jo Cornu
Directors:	Eddy BRUYNINCKX, Valentine DELWART, Jean-Jacques CLOQUET, Kris LAUWERS, Valérie LEBURTON, Renaud LORAND, Saskia SCHATTEMAN and Dirk STERCKX

Management Committee

Until 1 July 2016

Chairman:	Jo CORNU
General directors:	Vincent BOURLARD (Stations) Etienne DE GANCK (Transport) Bart DE GROOTE (Marketing & Sales) Richard GAYETOT (Technics) Olivier HENIN (Finance)

From 1 July 2016

Chairman:	Jo CORNU
General directors:	Vincent BOURLARD (Stations) Bart DE GROOTE (Marketing & Sales) Richard GAYETOT (Technics) Olivier HENIN (Finance) Koen KERCKAERT (Transport)

Audit Committee

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

Nominations and Remuneration committee

Chairman: Jean-Claude FONTINOY
Members: Jo CORNU, Jean-Jacques CLOQUET, Eddy BRUYNINCKX

RER Orientation Committee

Chairman: Jo CORNU
Members: Valentine DELWART, Kris LAUWERS and the 3 directors who represent the Regions in the Board of Directors

Government Commissioner

Françoise DEMEUSE

Board of Auditors for the audit of the statutory accounts

Chair: CVBA Grant Thornton, represented by Ria VERHEYEN
Members: Michel de FAYS, Rudy MOENS and CVBA Mazars company auditors, represented by Philippe GOSSART

Statutory Auditor for the audit of the consolidated accounts

Ria VERHEYEN on behalf of CVBA Grant Thornton and Philippe GOSSART on behalf of CVBA Mazars company auditors.

1. Board of Directors

Composition

The Board of Directors is made up of 10 members, including the Chief Executive Officer. At least one third of the members must be of the opposite sex (article 162a §1 of the law of 21 March 1991 and Royal Decree of 14 October 2013 on the honourable dismissal and appointment of the members of the Board of Directors). The linguistic parity rule must be observed. The directors are appointed by the King under a Royal Decree established following consultation in the Ministerial Council (article 162a §2 paragraph 1 of the law of 21 March 1991).

The mandate of all directors has run since 14 October 2013, for a term of 6 years.

The most important functions which are performed by the non-executive directors outside SNCB:

- Mr FONTINOY: Expert in the Cabinet of the Deputy Prime Minister and the Minister for Foreign Affairs, director of various companies;
- Mr BRUYNINCKX: Managing Director of the Antwerp Port Authority;
- Mr CLOQUET: CEO of Brussels South Charleroi Airport;
- Mrs DELWART: General Secretary of the MR;
- Mr LAUWERS: Deputy Director General of STIB;
- Mrs LEBURTON: Director General of the Société Wallonne des Aéroports;
- Mr LORAND: Chef de Cabinet of the President of the Walloon Government, Chairman of BELGOCONTROL;
- Mrs SCHATTEMAN: CEO of VAR;
- Mr STERCKX.

It should be pointed out that, in accordance with the Royal Decree of 25 December 2016, the number of directors shall be increased to 14 as of 1 January 2017.

Functioning - Frequency of meetings

Article 10 of the statutes stipulates that the Board shall convene as often as the interests of the Company dictate, and at least four times per year.

In 2016, the Board convened 13 times. Mrs LEBURTON did not attend 5 meetings, Mr BRUYNINCKX did not attend 3 meetings; Mrs SCHATTEMAN and Messrs LORAND and CLOQUET did not attend 1 meeting. The other directors were present at all meetings. The average attendance percentage was 90.6%.

In exceptional circumstances, when required by the urgency of the situation and the interests of the Company (except in the cases excluded by the law), resolutions of the Board of Directors may be adopted by unanimous written agreement of the Directors.

This procedure was not applied in 2016.

Powers

The Board of Directors is authorised to carry out all necessary or useful acts to realise the corporate objective of the public undertaking.
The Board of Directors oversees the policy of the Management Committee. The Management Committee regularly reports to the Board.

The Board, or its Chairperson, without prejudice to the powers conferred upon him by article 162a §5 (of the law of 21 March 1991), can at any moment request a report from the Management Committee concerning the activities of the company, or some of them.

In 2016, the Board of Directors made resolutions concerning, and ensured the follow-up of, a number of important issues:

- the financial condition of SNCB and the stabilising of debt;
- the corporate plan 2016-2020;
- the multiannual investment plan 2016-2020;
- the transport plan 2017;
- train punctuality and safety;
- rationalisation and the governance of subsidiary companies;
- the Publifer;
- the study of suburban networks;
- Station projects.

2. Audit Committee

The establishment of the Audit Committee is laid down in article 161b of the law of 21 March 1991.

Functioning - Frequency of meetings

The Audit Committee convenes at regular intervals. The Chairperson of the Committee may convene extraordinary meetings to enable the Audit Committee to perform its duties.

The Audit Committee met 13 times in 2016. Mrs DELWART did not attend 2 meetings; the other members were present at all meetings. The average attendance percentage was 96.2%.

Powers

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

3. Nominations and Remuneration committee

The creation of the Nominations and Remuneration Committee is laid down in Article 161b of the law of 21 March 1991.

Functioning - Frequency of meetings

The Committee meets as often as the interests of the Company dictate.

In 2016, the Appointments and Remuneration committee convened 7 times. Mr BRUYNINCKX did not attend 2 meetings. The other directors were present at all meetings. The average attendance percentage was 92.8%.

Powers

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

It submits proposals to the Board regarding remuneration and benefits provided to members of the Management Committee and senior executives, and closely follows these issues.

The Audit Committee also carries out the tasks entrusted to it by the Board of Directors.

4. RER Orientation Committee

This Committee was established under the law of 19 April 2014 amending the law of 21 March 1991 regarding the establishment of the RER Orientation Committee (art. 161e up to 161g). This Committee had not yet been set up, pending the designation of the representatives of the Regions in the Board of Directors, who are ex officio members of the RER Orientation Committee. The latter were designated by Royal Decree of 25 December 2016, which enters into force on 1 January 2017.

Powers

The RER Orientation Committee draws up a proposal for a 5-year plan regarding the operation of the RER, which must be submitted to the Board of Directors for approval. It publishes an annual report on the implementation of the 5-year plan, and makes recommendations on this implementation.

On its own initiative or at the request of the Board of Directors, it provides preliminary recommendations on the resolution proposals regarding the operation of the RER.

5. Management Committee

Composition

The Chief Executive Officer is appointed by the King under a decree laid down following consultation in the Ministerial Council, for a renewable term of 6 years (article 162c of the law of 21 March 1991).

The Board of Directors appoints the members of the Management Committee, following the recommendation of the Chief Executive Officer and after having consulted the Nominations and Remuneration Committee (article 162c of the law of 21 March 1991).

All members of the Management Committee fulfil a full-time role within SNCB, or in the context of a representation of this role (article 162c of the law of 21 March 1991).

Functioning - Frequency of meetings

The Management Committee usually meets every week, normally on Mondays.

In 2016, the Management Committee met 52 times.

Powers

The Management Committee is responsible for the day-to-day management of the company and for the representation of that management, and also for executing the resolutions of the Board of Directors.

The members of the Management Committee constitute a Board. They may allocate tasks among themselves.

6. Government Commissioner

Article 162h of the law of 21 March 1991 stipulates: "The SNCB is under the powers of control of the Minister responsible for railways. This control is exercised through a Government Commissioner, who is appointed and dismissed by the King, acting on a recommendation by the Minister in question."

The commissioner is invited to all meetings of the Board of Directors and the Management Committee, and has an advisory vote. He also takes part in the meetings of the Audit Committee, with an advisory vote.

7. Board of Auditors

Article 25 §1 of the law of 21 March 1991 stipulates: "The audit of the financial situation, of the annual financial statements and of regularity, from the viewpoint of the law and the organic statutes, of the activities to be recorded in the annual financial statements, shall in each autonomous public company be delegated to a

Board of Auditors numbering four members. The members of the Board bear the title of Auditor."

The Board is composed of four members, two of whom are appointed by the Court of Audit from among its members, and two of whom are appointed by the General Meeting from among the members of the Institute of Registered Auditors.

SNCB's General Meeting of 30 May 2014 approved a one-off extension, for corporate financial years 2014 to 2016, to the mandate of Statutory Auditor awarded to the CVBA GRANT THORNTON and the CVBA MAZARS for the external audit of the statutory and consolidated financial statements of SNCB. The company MAZARS is represented by Mr Philippe GOSSART and the company GRANT THORNTON by Mrs Ria VERHEYEN.

1.2 Remuneration report

Remuneration report

1. Remuneration of the members of the Board of Directors

Article 162d of the law of 21 March 1991 reforming certain economic public undertakings stipulates in §2 that the General Meeting shall determine the remuneration of the members of the Board of Directors.

The General Meeting of 31 May 2006 established the principles set out below to determine the remuneration of the directors, excluding the Chief Executive Officer, who as member of the Board of Directors and the Committees, does not receive any remuneration or session fees.

The calculation of the remuneration of the directors remained unchanged in 2016.

The gross remuneration of the chairman consists of a fixed annual portion of €39,200 and a variable portion which consists of session fees for the meetings. The session fees amount to:

- €500 per Board meeting;
- €400 per Committee in which he participates.

In addition, he receives an annual fee covering operating expenses of €2,400, and has a company car at his disposal.

The gross remuneration paid to the other directors is composed of a fixed annual portion of €13,600 and a variable portion consisting of session fees. The session fees amount to:

- €500 per Board meeting;
- €400 per meeting of the other Committees.

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

Attendance at meetings is required to qualify for session fees.

The directors do not receive any remuneration based on results, including bonuses or long-term profit-sharing plans; neither do they receive benefits in kind or benefits linked to pension plans.

No changes to the remuneration of non-executive members of the Board of directors are considered.

Gross remuneration of the directors in 2016 (excl. fees for operating expenses)	
J.C. FONTINOY	€52,500
E. BRUYNINCKX	€20,600
JJ. CLOQUET	€22,400
V. DELWART	€24,500
K. LAUWERS	€25,300
R. LORAND	€24,800
V. LEBURTON	€18,100
S. SCHATTEMAN	€19,600
D. STERCKX	€25,300

2. Remuneration of Management Committee members

In accordance with article 161b, §4, 2nd paragraph of the law of 21 March 1991 reforming certain economic public undertakings, the procedure which was used to determine the remuneration of the members of the Management Committee is:
"The Board of Directors, pursuant to the proposal submitted by the Nominations and Remuneration Committee, determines the remuneration and the benefits granted to the members of the Management Committee and the senior officers. The Board shall closely follow these issues."

On the proposal of the Nomination and Remuneration Committee, the Board of Directors of 28 January and 4 February 2005 approved the administrative and monetary status of the general directors and the Chief Executive Officer of SNCB.

The remuneration of the new Chief Executive Officer, Mr Jo CORNU, takes account of the resolutions taken by the Government with regards to top salaries in public undertakings. The remuneration of the new general directors will also take this resolution into account.

Remuneration of the Chief Executive Officer

The remuneration, consisting of a fixed portion and a variable portion, as well as the conditions linked to the role, are laid down in a special agreement negotiated with the Board of Directors.

The agreement which was concluded with Mr CORNU as Chief Executive Officer of the SNCB Holding, and from 1 January 2014 as Chief Executive Officer of the new SNCB, entered into force on 13 November 2013, and shall expire on 12 November 2019. The remuneration envisaged as part of this agreement, both the fixed and variable portions, the fees and the severance scheme, are all in accordance with the resolution taken by the Ministerial Council for the remuneration of the Chief Executive Officers of public undertakings.

The fixed remuneration amounts to €230,000 annually, and is paid in 12 monthly instalments of €19,166.67. This amount is indexed (health index November 2013).
The variable remuneration amounts to a maximum of €60,000 gross annually (health index November 2013). The precise amount shall be determined by the Board of

Directors, based on objectives which the Board will specify. The Board of Directors evaluates the objectives once per year.

In financial year 2016, the total gross remuneration awarded to Mr CORNU, Chief Financial Officer, was:

- Fixed portion 2016: €235,292.43
- Variable portion 2015: €61,196.65

There were no benefits in kind, nor group insurance, nor hospitalisation insurance.

Remark: Taking into account the notice given by the Chief Executive Officer, the end of his agreement on 31 August 2016 as a result of this notice and the uncertainty regarding the actual date of his replacement, the Board of Directors of 26 August 2016 approved a new agreement between SNCB and Mr CORNU, which envisages the payment, in September 2016, of the variable portion of his remuneration corresponding to the first 8 months of the year (i.e. €40,797.77) and, from September, the payment of the variable portion per one twelfth for every commenced month of service (i.e. an amount of €20,483.14 in 2016).

Remuneration of the general directors

The remuneration system comprises:

1. a fixed portion, determined in a special agreement negotiated with the Board of Directors;

2. a variable portion: determined in accordance with an assessment coefficient from 0 to 3. Once every year, the Chief Executive Officer will make an assessment, which is presented to the Nomination and Remuneration Committee. In accordance with the resolution of the Board of Directors of 25 April 2014, on the proposal of the Nomination and Remuneration Committee, 50% of the assessment is based on the following joint criteria: recurring EBITDA cash (15%), punctuality without neutralisation (20%) and customer satisfaction (15%), and the other 50% is based on the accomplishment of the individual objectives determined by the Chief Executive Officer in advance, and communicated to the Nomination and Remuneration Committee.

The remuneration system does not include any provisions regarding a right of reimbursement of the variable remuneration to the company, if this was awarded based on incorrect financial data.

On average, the variable portion represents approximately 25% of the total remuneration.

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

The general directors do not receive any remuneration in the form of shares, share options, or other rights to acquire shares.

In financial year 2016, the total gross remuneration awarded to the general directors was:

- Fixed portion 2016: €1,058,651.87
- Variable portion 2015: €212,602.74
- Other elements of the remuneration:
    - Benefits in kind (car, telephone): €15,095.19
    - Group insurance, workplace accident insurance, and hospitalisation insurance: €88,557

3. Severance scheme for Management Committee members

In the event of early termination of his agreement for any reason other than serious shortcomings, Mr CORNU is entitled to compensation of 12 months of the fixed portion of his remuneration.

In the event of early termination of their agreements, Messrs DE GROOTE and HENIN are entitled to compensation of 12 of their total remuneration. This compensation is not payable in the event of dismissal due to serious causes.

For Mr BOURLARD, it is envisaged that in the event of termination of the mandate of general director, for any reason other than serious reasons, he shall continue to be employed at the level of director until the originally anticipated expiry date of his mandate, with retention of salary.

For Messrs KERCKAERT and GAYETOT, it is envisaged that in the event of dismissal during the course of their mandate, or if this mandate is not renewed, they shall be reinstated at the level of director and remunerated in accordance with the monetary conditions associated with this level.

4. Mandates held in subsidiaries and companies with participating interests

The Board Meeting of 25 February 2005 decided that SNCB group staff members who exercise a director's mandate in a subsidiary company shall not receive any remuneration for this function. This was recently confirmed in the Governance Charter of the subsidiary companies which was approved by the Board of Directors in May 2015.

2. Financial statements

2.1 Notes

GENERAL INFORMATION

1.1 Activities

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

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

1.2 Legal status

SNCB is a public limited company whose head office is located Rue de France 56, 1060 Brussels. It is registered under the company number 0203.430.576. The statutes of SNCB were changed on 20 December 2013 and approved by Royal Decree of 4 April 2014. The last amendments to its statutes were published in the Belgian Official Journal, dated 4 June 2015.

1.3 Financial statements

The separate financial statements as at 31 December 2016, prepared in accordance with IFRS standards, have been approved by the Management Board on 31 March 2017. All figures in this document are expressed in euros (EUR), except if specifically indicated.

1.4 Management Board

The Management Board of SNCB is composed as follows:

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

1.5 Auditors

Auditors are:

Grant Thornton Bedrijfsrevisoren CVBA represented by Ria Verheyen
Mazars Réviseurs d'entreprises SCRL represented by Philippe Gossart
Court of Auditors represented by Michel de Fays and Rudi Moens

I. STATEMENT OF FINANCIAL POSITION

1.6 Assets

	Notes	At 31 December 2016	2015
Non-current assets			
Intangible assets	4	256.568.223,86	262.086.989,78
Property, plant and equipment	5	7.057.977.084,23	7.083.398.732,55
A. Land		*782.187.898,59*	*888.955.029,17*
B. Buildings		*925.933.024,03*	*770.742.064,05*
C. Railway rolling stock		*3.937.978.918,72*	*4.080.592.711,30*
D. Plant and various equipment		*200.293.119,40*	*190.834.697,20*
E. Tangible fixed assets under construction		*1.211.584.123,49*	*1.152.274.230,83*
Investment property	6	403.331.250,62	441.561.731,48
Investment in subsidiaries	7	163.540.411,42	175.370.957,95
Investments in associates and joint ventures	8	325.118.012,01	328.485.971,51
Trade and other receivables	9	799.095.232,73	796.806.129,54
Derivatives	11	299.344.642,18	276.915.944,49
Other financial assets	2	666.083.268,68	654.907.029,96
Deferred tax assets	20	0,00	0,00
Subtotal of non-current assets		**9.971.058.125,73**	**10.019.533.487,26**
Current assets			
Inventories	13	211.382.042,98	192.676.314,69
Trade and other receivables	9	1.416.564.097,93	1.315.248.129,26
Derivatives	11	196.419,58	39.405.719,19
Other financial assets	2	32.020.241,15	52.542.287,85
Current tax assets		0,00	0,00
Cash and cash equivalents	14	307.081.133,70	413.508.702,86
Subtotal of current assets		**1.967.243.935,34**	**2.013.381.153,85**
Non-current assets held for sale			
Non-current assets held for sale	15	36.787.015,74	11.834.472,37
TOTAL ASSETS		**11.975.089.076,81**	**12.044.749.113,48**

1.7 Equity and liabilities

	Notes	At 31 December 2016	2015
Equity			
Share capital	16	249.022.345,57	249.022.345,57
Reserves		-574.884.224,33	-301.096.692,96
Total equity		**-325.861.878,76**	**-52.074.347,39**
Non-current liabilities			
Employee benefit obligations	17	330.134.802,44	303.795.577,26
Provisions	18	183.609.992,19	127.974.169,66
Financial liabilities	19	2.883.498.465,33	2.579.910.095,35
Derivatives	11	453.524.953,00	456.579.639,07
Trade and other payables	21	9.326.052,12	14.648.295,01
Grants	23	6.071.226.882,70	5.768.246.304,89
Other amounts payable	24	204.508.442,80	222.408.033,87
Subtotal of non-current liabilities		**10.135.829.590,58**	**9.473.562.115,11**
Current liabilities			
Employee benefit obligations	17	121.202.901,19	150.720.125,03
Provisions	18	84.946.419,32	78.875.289,18
Financial liabilities	19	824.388.031,21	1.140.392.021,47
Derivatives	11	12.573.763,49	34.039.570,89
Current tax payables		184.651,75	0,00
Trade and other payables	21	392.103.101,40	411.305.912,53
Social debts	22	85.205.000,16	90.663.312,91
Grants	23	366.382.853,76	336.554.072,79
Other amounts payable	24	278.134.642,71	380.711.040,96
Subtotal of current liabilities		**2.165.121.364,99**	**2.623.261.345,76**
Liabilities associated with non-current assets held for sale			
Liabilities associated with non-current assets held for sale	15	0,00	0,00
Total liabilities		12.300.950.955,57	12.096.823.460,87
TOTAL EQUITY AND LIABILITIES		**11.975.089.076,81**	**12.044.749.113,48**

II. STATEMENT OF COMPREHENSIVE INCOME

	Notes	2016	2015
Continuing operations			
Operating income before investment grants			
Turnover	25	1.058.954.629,43	1.146.351.097,54
Operating grants	23	1.130.259.144,31	1.133.053.141,82
Internally generated fixed assets		144.755.546,86	138.080.536,67
Other operating income	25	77.839.031,63	204.164.217,06
Total of the operating income before investment grants		2.411.808.352,23	2.621.648.993,09
Operating expenses before depreciation and impairment			
Purchase of raw materials and goods for resale		-79.800.476,72	-83.004.629,98
Services and other goods	25	-1.205.213.352,15	-1.150.301.422,98
Employee benefit expenses	26	-1.078.302.477,57	-1.185.396.695,32
Other operating expenses	25	-44.336.319,71	-9.072.155,74
Total of the operating expenses before depreciation and impairment		-2.407.652.626,15	-2.427.774.904,02
Operating result before investment grants, depreciation and impairment		4.155.726,08	193.874.089,07
Investment grants	23	351.161.691,81	350.357.483,77
Depreciation and impairment losses on intangible assets , property, plant and equipment, investment properties and non-current assets held for sale	4, 5, 6 & 15	-565.992.776,23	-399.885.581,22
Impairment losses on investments in subsidiaries, joint ventures and associates	7 & 8	1.052.590,47	376.579,16
Operating result		-209.622.767,87	144.722.570,78
Financial income	27	95.947.974,24	135.615.395,79
Financial expenses	27	-139.012.752,72	-146.347.282,05
Net financial result		-43.064.778,48	-10.731.886,26
Net result from continuing operations before tax		-252.687.546,35	133.990.684,52
Income taxes	28	-5.158,13	-11.819,64
Net result from continuing operations		-252.692.704,48	133.978.864,88
Discontinued operations			
Net income for the year from discontinued operations	15	0,00	-2.229.903,47
NET RESULT FOR THE YEAR		-252.692.704,48	131.748.961,41
Other comprehensive income for the year :			
That will not be reclassified subsequently to profit or loss			
Actuarial differences on post-employment benefits	17	-25.174.662,86	45.998.995,50
Tax relating to other comprehensive income	28		
Subtotal of the other comprehensive income for the year that will not be reclassified subsequently to profit or loss		-25.174.662,86	45.998.995,50
That will be reclassified subsequently to profit or loss when specific conditions are met			
Available-for-sale financial assets			
Tax relating to other comprehensive income	28		
Subtotal of the other comprehensive income for the year that will be reclassified subsequently to profit or loss when		0,00	0,00
Total other comprehensive income for the year		-25.174.662,86	45.998.995,50
TOTAL COMPREHENSIVE INCOME		-277.867.367,34	177.747.956,91

III. STATEMENT OF CHANGES IN EQUITY

	Share Capital	Reserves	Total equity
At 1 january 2015	**249.022.345,57**	**-478.844.649,87**	**-229.822.304,30**
Net income 2015		131.748.961,41	131.748.961,41
Other comprehensive income 2015	*0,00*	*45.998.995,50*	45.998.995,50
Actuarial gains and losses on post employment benefits		*45.998.995,50*	45.998.995,50
Available-for-sale financial assets		*0,00*	0,00
Tax related to other comprehensive income		*0,00*	0,00
Total comprehensive income for the year	**0,00**	**177.747.956,91**	177.747.956,91
Dividend paid to shareholders		0,00	0,00
Transfers		0,00	0,00
At 31 December 2015	**249.022.345,57**	**-301.096.692,96**	-52.074.347,39
At 1 january 2016	**249.022.345,57**	**-301.096.692,96**	-52.074.347,39
Net income 2016		-252.692.704,48	-252.692.704,48
Other comprehensive income 2016	*0,00*	*-25.174.662,86*	-25.174.662,86
Actuarial gains and losses on post employment benefits		*-25.174.662,86*	-25.174.662,86
Available-for-sale financial assets			0,00
Tax related to other comprehensive income			0,00
Total comprehensive income for the year	**0,00**	**-277.867.367,34**	-277.867.367,34
Dividend paid to shareholders			0,00
Transfers			0,00
Reserves after merger with Foncière Rue de France		4.079.835,97	4.079.835,97
At 31 December 2016	**249.022.345,57**	**-574.884.224,33**	-325.861.878,76

IV. STATEMENT OF CASH FLOWS

	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES		
Net result for the year	**-252.687.546,35**	**131.748.961,41**
Adjustments for:		
Depreciation and impairment on property, plant and equipment and intangible assets, investment property, non-current assets held for sale and surpluses	565.089.047,74	399.216.227,13
Impairment on interests in subsidiaries, joint ventures and associates	-1.052.590,47	-376.579,16
Impairment on assets held for sale	0,00	2.229.903,47
Write down on inventories, impairment losses on trade and other receivables	28.879.307,50	2.868.311,29
Impairment on other financial assets	1.131,09	
Changes in fair value of derivatives	-7.064.781,01	-38.153.282,83
Changes in fair value of and impairment losses on other financial assets and financial liabilities	4.925.578,36	-1.464.162,60
(Gain) / loss on disposal of property, plant and equipment and intangible assets, investment property and non-current assets held for sale	-17.316.673,34	-5.222.473,95
Capital loss on merger Foncière Rue de France and South Station and purchase activity branch	8.676.206,84	0,00
(Gain) on transfer of companies	-3.420.000,00	-156.624.210,22
(Gain) / loss on disposal of financial assets	0,00	0,00
(Gain) / loss on sales of investments in subsidiaries, joint ventures and associated companies	0,00	0,00
Fees on cross-border arrangements recognised in net result	-6.890.412,62	-10.058.601,68
Provisions	60.947.959,14	-38.820.125,77
Employee benefits	-28.357.819,65	23.323.613,27
Investment grants recognized in net result	-351.161.691,81	-350.357.483,77
Net of interest income and expenses	35.995.660,50	32.400.671,24
Income taxes	5.158,13	11.819,64
Translation differences	45.348,02	491.132,90
Gross cash from operating activities	**36.613.882,07**	**-8.786.279,63**
Change in net working capital:		
Inventories	-31.523.615,34	-11.066.651,26
Trade and other receivables	-63.170.080,47	44.806.573,91
Trade and other payables, and social debts	-149.427.168,97	-194.121.375,22
Merger Foncière Rue de France and South Station	1.963.830,69	0,00
Cash generated from operations before tax	**-242.157.034,09**	**-160.381.452,57**
Tax received	0,00	0,00
Tax paid	-5.158,13	-11.819,64
NET CASH FROM OPERATING ACTIVITIES	**-205.548.310,15**	**-169.179.551,84**

	2016	2015
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment, intangible assets, investment property and assets held for sale	-506.501.048,86	-693.873.772,95
Acquisition of financial assets	-36.667.458,16	-64.917.037,21
Acquisition of subsidiaries, joint ventures and associates	-282.900,00	-322,23
Purchase activity branch	-847.000,00	0,00
Proceeds from the realization of companies	0,00	32.500.000,00
Investment grants received	617.912.358,06	632.890.445,93
Proceeds from disposal of property, plant and equipment, investment property and assets held for sale	32.468.559,18	26.443.296,19
Proceeds from disposal of other financial assets	53.862.598,46	396.657.494,00
Proceeds from sale of shares in subsidiaires, joint ventures and associates	0,00	322,23
Proceeds from financial lease receivables	6.051.901,49	2.345.413,73
Interests received	64.352.980,58	65.497.760,44
Dividends received	5.482.795,64	12.026.631,74
NET CASH FROM INVESTING ACTIVITIES	**235.832.786,39**	**409.570.231,87**
Increase of financial liabilities	383.407.859,06	430.412.478,58
Redemption of financial liabilities (including financial lease liabilities)	-393.041.996,14	-600.454.851,90
Redemption/payments of derivatives	-19.708.785,43	17.514.729,63
Interest paid	-107.369.122,89	-108.368.697,51
NET CASH FROM FINANCING ACTIVITIES	**-136.712.045,40**	**-260.896.341,20**
(DECREASE) / INCREASE IN CASH, CASH EQUIVALENT AND BANK OVERDRAFTS	**-106.427.569,16**	**-20.505.661,17**
CASH, CASH EQUIVALENT AND BANK OVERDRAFTS AT THE BEGINNING OF THE YEAR (note 14)	**413.508.702,86**	**434.014.364,03**
(Decrease) / increase in cash, cash equivalents and bank overdrafts	-106.427.569,16	-20.505.661,17
CASH, CASH EQUIVALENT AND BANK OVERDRAFTS AT THE END OF THE YEAR (note 14)	**307.081.133,70**	**413.508.702,86**

V. NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Summary of the main valuation rules

1.1 Basis for preparation

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

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

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

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

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

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

- Amendments to IAS 19 'Employee benefits'. These amendments do not apply to the SNCB because they aim at the contributions of the employees for the employee benefits and the employees of the SNCB don't pay any contributions for these performances;
- Amendments to IFRS 14 'Regulatory deferral accounts' allow entities who are first-time adopters of IFRS to apply their previous accounting policies to account for price regulations. These amendments have not yet been approved by the European Union.

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

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

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

- IFRS 16 'Leases'. This standard replaces the current standard IAS 17 and introduces far reaching changes in accounting by lessees. This standard treats the recognition, valuation and disclosures of leases. It includes a unique accounting model for the lessee. For lessors, the accounting stays almost the same;
- Amendments to IAS 12 'Income taxes' on recognition of deferred tax assets for unrealised losses and the accounting for deferred tax assets related to debt instruments measured at fair value;
- Amendments to IAS 7 'Statement of cash flow' introducing an additional disclosure related to changes in liabilities arising from financing activities;
- Amendments to IAS 15 'Revenue from contracts with customers' comprising clarification guidance and more illustrative examples;

- Amendments to IAS 40 'Investment property' relating to transfers of investment property. They clarify that to transfer to (or from) the category 'investments properties' there must be an indication of change in use. This change must be supported by evidence;
- Interpretation IFRIC 22 'Foreign currency transactions and advance consideration' that clarifies the accounting in case of single or multiple advanced payment or receipt;
- Annual improvements of IFRS standards 2014-2016 with minor changes for 3 standards: IFRS 1 'First-time adoption of IFRS', IFRS 12 'Disclosure of interests in other entities' and IAS 28 'Investments in associates and joint ventures'.
- Amendments to IFRS 2 'Share-based payments' that clarifies the accounting of share-based payments.

1.2 Foreign currency transactions

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

1.3 Intangible assets

An intangible asset is recorded on the 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, moved or rented out) or it results from contractual or legal rights;
2. it is probable that the asset will generate economic benefits for the Company;
3. the Company has control over the asset;
4. the cost of the asset can be measured reliably.

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

The initial cost of intangible assets:

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

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

  Later expenditure subsequent to the initial recognition is recognised in the net result, except if it can be shown that it generates new, material economic benefits;

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

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

Categories	Probable useful life
ERP development costs	10 years
Other software development costs	5 years
Websites	3 years
Software acquired from third parties	5 years

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

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

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

1.4 Property, plant and equipment

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

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

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

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

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

The value of the asset also includes borrowing costs if the property, plant and equipment are not ready for use or sale for over a year. The capitalisation percentage is either equal to that for a specific loan or equal to the weighted average borrowing costs applicable to the outstanding loans of the Company, excluding loans that have been contracted specifically.
Property, plant and equipment are fully depreciated over their probable useful life using the straight-line method of depreciation. The depreciable amount is usually the cost of the asset. The useful lives applied are as follows:

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

Leasehold improvements to property, plant and equipment	contract and useful life of the component

The useful life and depreciation method for property, plant and equipment are reviewed annually on the balance sheet date. Changes in estimated useful life or anticipated consumption of future economic benefits generated by the asset are accounted for by changing the useful life or depreciation method, as the case may be, and are treated as changes in estimates.

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

1.5 Lease contracts

1.7.1 1.5.1 Cross-border arrangements

Various financing arrangements ('sale and leaseback' transactions, 'sale and rent back' transactions, 'lease and leaseback' transactions, 'rent and rent back' transactions or 'concession and concession back' transactions) are set up by the Company, mainly for purchases of rolling stock. These transactions are recognised based on their economic substance according to SIC 27. Property, plant and equipment are still recognised in the Company's financial statements. The investment accounts and related payment obligations towards lenders are recognised in the 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.

1.7.2 1.5.2. Lease contracts for which the Company is the lessee

A lease contract is recorded as a finance lease if the Company acquires virtually all the risks and rewards incidental to ownership of the asset. The Company recognises these finance leases on the assets and liabilities sides for amounts equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is recognised partly as a finance cost and partly as reimbursement of the liability. Liabilities related to finance leases are recorded as Financial liabilities.

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

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

1.7.3 1.5.3. Lease contracts for which the Company is the lessor

The finance lease operations are, for the lessor, accounted for as a sale combined with a financing. The asset is derecognised from the 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.

1.6 Investment properties

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

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

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

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

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

1.7 Interests in subsidiaries, joint ventures and associates

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

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

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

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

1.8 Impairment

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

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

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

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

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

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

1.9 Inventories

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

The cost of replaceable inventories is fixed by applying the weighted average price method. Inventories of lesser importance and whose value and composition remain stable over the period are recognised in the 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 produced inventories includes the direct and indirect production costs, except for finance costs and overheads that do not contribute in bringing the inventories to their present location and condition.

A write-down is recorded if the net realisable value of an item of inventory on the balance sheet date is less than its carrying value.

1.10 Trade and other receivables

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

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

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

1.11 Derivatives

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

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

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

The Company has decided not to apply the hedge accounting principles.

1.12 Other financial assets

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

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

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

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

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

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

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

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

1.13 Cash and cash equivalents

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

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

1.14 Non-current assets held for sale

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

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

1.15 Discontinued operations

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

- the cash flows from the activity can be distinguished, operationally and for financial reporting purposes;
- the activity is a separate major line of business or geographical area of operations;

- it is part of a single co-ordinated sales plan or is being purchased with a view of resale.

1.16 Share capital

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

- issued share capital, consisting of amounts that the shareholders have committed to paying up in full;
- uncalled share capital: the portion of the issued share capital over which the board of directors of the Company has not yet issued a call.

1.17 Employee benefits

1.7.4 1.17.1 Short-term employee benefits

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

1.7.5 1.17.2 Post-employment benefits

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

Post-employment benefits can be subdivided into two categories:

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

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

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

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

1.7.6 1.17.3 Other long-term employee benefits

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

The figure recognised in the 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 the net result.

1.7.7 1.17.4 Termination benefits

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

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

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

1.18 Provisions

A provision is only recognised if:

1. the Company has a present obligation (legal or constructive) to incur expenditure further to a past event;
2. it is probable that an outflow of resources will be required; **and**

3. a reliable estimate can be made of the amount of the obligation.

From the moment the provision gets significant (mainly for long-term provisions), it has to be valued on actuarial basis. The effect of the future value of money on the provision is recognised in financial expenses. The discount rate is the IRS according to the duration of the future cash flows.

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

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

Provisions for future operating losses are forbidden.

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

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

1.19 Financial liabilities

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

Financial liabilities are initially measured at fair value, less - for financial liabilities other than those at fair value through profit or loss – transaction costs relating to the issuance of loans. Financial liabilities are recognised in one of the following categories, each with its own valuation principle:

1. Financial debts at fair value through profit or loss include financial debts that are classified by the Company on a voluntary basis in this category upon initial recognition.
2. Other financial debts are a residual category. After initial recognition they are valued at their amortised cost by applying the effective interest method, with amortisation of the issue or redemption premiums through net result.

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

Financial liabilities' fair value is determined using valuation technics such as valuation models used for options or the discounted cash flows method. The financial liabilities rate models consider observable data on the markets at balance date and non-observable data. The use of non-observable data on the markets at balance date implies that the fair value of financial liabilities are included in Level3 of the fair value hierarchy as defined in IFRS 13.

1.20 Income taxes – Deferred tax assets / liabilities

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

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

Nonetheless, there are no deferred taxes on:

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

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

1.21 Trade and other payables

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

1.22 Social debts

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

1.23 Grants

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

Investment grants acquired within the framework of investments in intangible assets and property, plant and equipment are accounted for on the liabilities side of the 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 advance payments made to subsidiaries which are not yet affected.

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

1.24 Other amounts payable

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

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

1.25 Operating income and operating expenses

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

Revenues deriving from the sale of goods are accounted for in net result when the risks and rewards incidental to ownership of the asset are transferred from the seller to the buyer.
Operating grants received from the State as a compensation for public service missions due by the Company are accounted for in the turnover during the related period. Rentals from investment properties and concessions in stations are also included in the turnover.

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

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

1.26 Financial income and financial expenses

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

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

The income resulting from interests is recognised in the net result if it is acquired using the effective interest method. Dividends are recognised in the net result as from the time at which the Company acquires the right to collect the payments.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the net result using the effective interest method. Gains and losses from exchange rate differences are recognised on a net basis.

1.27 Cash flow statement

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

2 Note 2 – Capital and financial risk management

2.1 *Capital Management*

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

The Company defines its net debt as:

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

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

Net debt		31/12/2016	31/12/2015
Line item	Notes		
Derivatives	11	-524.022,71	1.533.122,29
Other financial assets	2.1	571.132.952,42	569.466.707,05
Subtotal of non-current assets		*570.608.929,71*	*570.999.829,34*
Derivatives	11	0,00	35.870.419,79
Other financial assets	2.1	30.004.599,79	51.074.544,77
Cash and cash equivalents	2.1	82.954.603,02	119.880.143,82
Subtotal of current assets		*112.959.202,81*	*206.825.108,38*
Total assets		683.568.132,52	777.824.937,72
Financial liabilities	19	2.819.549.185,92	2.514.732.556,11
Derivatives	11	38.171.755,31	58.858.233,38
Subtotal of non-current liabilities		*2.857.720.941,23*	*2.573.590.789,49*
Financial liabilities	19	810.431.534,68	1.121.042.562,94
Derivatives	11	0,00	20.127.601,40
Subtotal of current liabilities		*810.431.534,68*	*1.141.170.164,34*
Total liabilities		3.668.152.475,91	3.714.760.953,83
Net debt		2.984.584.343,39	2.936.936.016,11
Change in net debt		47.648.327,28	

Economic debt

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

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

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

Economic debt	2016	2015
Net debt	2.984.584.343,39	2.936.936.016,11
Regional cofinancings	-37.947.215,94	-20.543.708,67
Unused received investment allowances PSF	131.477.170,88	5.723.265,13
Net balance of trade debts and receivables	229.808.286,73	253.830.708,39
Net balance of acquired operation grants PSF	-394.142.412,81	-416.401.325,36
Net balance of collateral (CSA)	-284.539.106,00	-256.104.484,00
Total of economical corrections	-355.343.277,14	-433.495.544,51
Economic debt	2.629.241.066,25	2.503.440.471,60

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

Economic debt under own responsibility

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

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

Economic debt under own responsibility	2016	2015
Economic Debt	2.629.241.066,25	2.503.440.471,60
REN rolling stock	399.422.659,47	413.521.405,15
Financing HST	54.684.473,69	56.528.401,76
Regional prefinancings	26.398.036,58	19.460.821,14
Decision Counsel of Ministers of October 2008	114.479.673,60	118.634.506,38
Decision Counsel of Ministers of December 2011	92.733.942,82	96.794.981,46
Other	2.139.594,08	11.615.064,28
Total of operations that can be neutralized	689.858.380,24	716.555.180,17
Economic debt under own responsibility	1.939.382.686,01	1.786.885.291,43

Reconciliation of net debt with the statement of financial position

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

- Other financial assets:

Other financial assets		31/12/2016					
		IFRS 7					TOTAL
		Net debt			Other		
		Nominal	Fair value adjustments	Accrued income	Assets managed on behalf of third parties	Other	
Non-current	Notes						
Receivables		340.009.875,12	4.882.092,01	7.877.016,18	0,00	30.214.879,01	382.983.862,32
Back-to-back		231.123.077,30	0,00	704.426,88	0,00	0,00	231.827.504,18
Available-for-sale financial assets	12	0,00	0,00	0,00	0,00	51.271.902,18	51.271.902,18
Total non-current		571.132.952,42	4.882.092,01	8.581.443,06	0,00	81.486.781,19	666.083.268,68
Current							
Receivables		30.004.599,79	0,00	1.512.650,28	0,00	508.629,76	32.025.879,83
Back-to-back		0,00	0,00	-5.638,68	0,00	0,00	-5.638,68
Available-for-sale financial assets	12	0,00	0,00	0,00	0,00	0,00	0,00
Total current		30.004.599,79	0,00	1.507.011,60	0,00	508.629,76	32.020.241,15
Total other financial assets		601.137.552,21	4.882.092,01	10.088.454,66	0,00	81.995.410,95	698.103.509,83

Other financial assets		31/12/2015					
		IFRS 7					TOTAL
		Net debt			Other		
		Nominal	Fair value adjustments	Accrued income	Assets managed on behalf of third parties	Other	
Non-current	Notes						
Receivables		348.513.999,55	6.659.963,42	7.384.136,65	0,00	19.460.821,14	382.018.920,76
Back-to-back		220.952.707,50	0,00	669.373,01	0,00	0,00	221.622.080,51
Available-for-sale financial assets	12	0,00	0,00	0,00	0,00	51.266.028,69	51.266.028,69
Total non-current		569.466.707,05	6.659.963,42	8.053.509,66	0,00	70.726.849,83	654.907.029,96
Current							
Receivables		51.074.544,77	0,00	1.133.311,17	0,00	335.766,31	52.543.622,25
Back-to-back		0,00	0,00	-1.334,40	0,00	0,00	-1.334,40
Available-for-sale financial assets	12	0,00	0,00	0,00	0,00	0,00	0,00
Total current		51.074.544,77	0,00	1.131.976,77	0,00	335.766,31	52.542.287,85
Total other financial assets		620.541.251,82	6.659.963,42	9.185.486,43	0,00	71.062.616,14	707.449.317,81

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

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

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

– Cash and cash equivalents:

Cash and cash equivalents	31/12/2016					
	IFRS 7					TOTAL
	Net debt			Others		
	Nominal	Fair value adjustments	Accrued income	Assets managed on behalf of third parties	Others	
Commercial Paper	0,00	0,00	0,00	0,00	0,00	0,00
Short-term deposits	737.902,50	0,00	2.487,94	224.061.602,00	0,00	224.801.992,44
Cash at bank	77.293.210,64	0,00	0,00	117,64	0,00	77.293.328,28
Cash in hand	4.923.489,88	0,00	0,00	0,00	62.323,10	4.985.812,98
Total cash and cash equivalents	82.954.603,02	0,00	2.487,94	224.061.719,64	62.323,10	307.081.133,70

Cash and cash equivalents	31/12/2015					
	IFRS 7					TOTAL
	Net debt			Others		
	Nominal	Fair value adjustments	Accrued income	Assets managed on behalf of third parties	Others	
Commercial Paper	0,00	0,00	0,00	74.988.525,00	0,00	74.988.525,00
Short-term deposits	841.680,67	0,00	3.322,04	218.616.000,00	0,00	219.461.002,71
Cash at bank	116.486.199,35	0,00	0,00	4.702,50	0,00	116.490.901,85
Cash in hand	2.552.263,80	0,00	0,00	0,00	16.009,50	2.568.273,30
Total cash and cash equivalents	119.880.143,82	0,00	3.322,04	293.609.227,50	16.009,50	413.508.702,86

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

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

2.2 Financial risk management

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

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

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

Debt management

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

Debt management, taking into account derivatives, require that:

- whenever possible, the reimbursements of net debt are based on expected changes in future cash flows in order to level and reduce cash balances.
- long term net debt of the Company must be contracted for minimum 65% and maximum 75% through fixed rate instruments and for minimum 25% and maximum 35% through floating rate instruments.
- the weighted residual maturity of long-term debt of the Company is fixed at a minimum of 5 years.
- debt maturities are spread over time, in terms of liquidity as well as in terms of interest rate risk.

- any debt operation, even a short-term one, that generates a currency risk, must be converted immediately and fully in EUR in order to eliminate currency risk on principal and interest.
- the cash flows of each financial liability or investment are composed solely of principal and interest on the principal. The investments in risk-bearing capital are not allowed.
- the investment limits are respected for investment transactions.

Treasury management

Treasury management consists of the centralized treasury management of cash flows less than one year from the Company and its subsidiaries. Financial conditions on short-term loans or borrowings towards entities part of the centralization perimeter are in accordance with prevailing market conditions on an arm's length basis.

Main aspects of treasury management

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

Derivatives operations

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

Main aspects of derivatives operations

- At all times any derivative operation must be backed by an existing financial debt, an investment, a business contract or a claim against the Belgian State or Regions in the context of a pre-financing.

- Credit risk towards counterparties for derivatives must be spread and systematically covered by the conclusion of Credit Support Annexes.

2.2.1 Market Risk: Currency Risk

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

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

a. Financial instruments by currency

	31/12/2016				
	EUR	USD	JPY	Other	Total
Financial assets					
Trade and other receivables	1.989.945.362,52	0,00	0,00	0,00	1.989.945.362,52
Derivatives	168.058.880,10	131.379.885,51	0,00	102.296,15	299.541.061,76
Other financial assets	445.833.193,12	252.270.316,71	0,00	0,00	698.103.509,83
Cash and cash equivalents	306.198.251,77	27.090,50	26,75	855.764,68	307.081.133,70
Total financial assets	**2.910.035.687,51**	**383.677.292,72**	**26,75**	**958.060,83**	**3.294.671.067,81**
Financial liabilities					
Financial liabilities	3.379.499.015,19	328.387.481,35	0,00	0,00	3.707.886.496,54
Derivatives	432.045.739,31	33.950.681,03	0,00	102.296,15	466.098.716,49
Trade and other payables	383.690.036,38	60.624,10	0,00	26.191,43	383.776.851,91
Other amounts payable	336.321.658,13	0,00	0,00	0,00	336.321.658,13
Total financial liabilities	**4.531.556.449,01**	**362.398.786,48**	**0,00**	**128.487,58**	**4.894.083.723,07**
Net exposure	**-1.621.520.761,50**	**21.278.506,24**	**26,75**	**829.573,25**	**-1.599.412.655,26**

	31/12/2015				
	EUR	USD	JPY	Other	Total
Financial assets					
Trade and other receivables	1.829.309.633,48	0,00	0,00	0,00	1.829.309.633,48
Derivatives	156.355.738,76	160.065.333,96	-99.409,04	0,00	316.321.663,68
Other financial assets	447.079.902,50	239.579.310,54	20.790.104,77	0,00	707.449.317,81
Cash and cash equivalents	412.627.562,38	34.363,74	46,65	846.730,09	413.508.702,86
Total financial assets	2.845.372.837,12	399.679.008,24	20.690.742,38	846.730,09	3.266.589.317,83
Financial liabilities					
Financial liabilities	3.350.546.288,74	369.755.828,08	0,00	0,00	3.720.302.116,82
Derivatives	461.981.067,94	7.868.266,77	20.769.875,25	0,00	490.619.209,96
Trade and other payables	401.422.076,67	25.626,76	0,00	1.733,44	401.449.436,87
Other amounts payable	451.202.741,11	0,00	0,00	0,00	451.202.741,11
Total financial liabilities	4.665.152.174,46	377.649.721,61	20.769.875,25	1.733,44	5.063.573.504,76
Net exposure	-1.819.779.337,34	22.029.286,63	-79.132,87	844.996,65	-1.796.984.186,93

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

The analysis of these notes are limited to the financial instruments who 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, aren't financial assets" (IAS 32 – AG11) "Liabilities or assets that are not contractual (such as income taxes that are the result of statutory requirements imposed by governments) are not financial liabilities or financial assets" (IAS 32 – AG12)*. The totals in the tables of this note therefore do not necessarily reconcile with the balance sheet.
Certain elements of the trade and other receivables (2016: 225.713.968,14 EUR; 2015: 282.744.625,32 EUR), of the trade and other payables 2016: 17.652.301,61 EUR; 2015: 24.504.770,67 EUR) and other amounts payables (2016: 146.321.427,38 EUR; 2015: 151.916.333,72 EUR) do not comply with the definition of a financial instrument.

b. Currency-derivatives

	31/12/2016		31/12/2015	
	Total fair value	Total nominal value	Total fair value	Total nominal value
Currencies bought				
USD	135.482.106,70	80.841.847,95	188.994.854,27	135.062.369,14
JPY	0,00	0,00	0,00	0,00
Other	102.296,15	1.744.948,83	0,00	0,00
Currencies bought - Total	**135.584.402,85**	**82.586.796,78**	**188.994.854,27**	**135.062.369,14**
Currencies sold				
USD	38.052.902,19	33.244.781,78	36.797.787,08	32.070.291,05
JPY	0,00	0,00	20.869.284,29	20.127.601,40
Other	102.296,15	1.744.948,83	0,00	0,00
Currencies sold - Total	**38.155.198,34**	**34.989.730,61**	**57.667.071,37**	**52.197.892,45**
Options				
USD	0,00	0,00	0,00	0,00
Other	0,00	0,00	0,00	0,00
Options - Total	**0,00**	**0,00**	**0,00**	**0,00**

The currency-derivatives concluded by the Company are swaps transactions concluded exclusively for assets and liabilities related to cross-border leasing transactions. These derivatives transactions are put in place to manage the cash flows in foreign currency. The company has chosen not to apply hedge accounting as defined in IAS 39 and therefore does not recognize the derivatives as hedging instruments. The derivatives are recognized at fair value through profit or loss. The currencies bought and sold included in "Other" are related with a transaction in SGD concluded for a subsidiary.

c. Sensitivity analysis

IFRS 7 requires a sensitivity analysis to illustrate the theoretical impact of movements in exchange rates on net result and equity. The sensitivity analysis has been performed based on the Company's position at the end of the period. For currency risk, the sensitivity analysis consists in evaluating the impact on the IFRS financial statement of a variation of the USD and GBP (or any other significant currencies) exchange rates relative to EUR by +/- 10% at the closing rate.

Foreign exchange rate variation	Impact on net result	Impact on other comprehensive income
2016		
USD + 10%	2.364.278,47	0,00
USD - 10%	-1.934.409,66	0,00
GBP + 10%	75.253,13	0,00
GBP - 10%	-61.570,74	0,00
2015		
USD + 10%	2.447.698,51	0,00
USD - 10%	-2.002.662,42	0,00
GBP + 10%	65.739,09	0,00
GBP - 10%	-53.786,53	0,00

2.2.2 Market Risk: Interest Rate Risk

a. Interest rate risk

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

At December 31st 2016, an average of 53,81% (2015: 62,99%) of net interest bearing financial liabilities (before impact of derivatives) are contracted at variable rate and 46,19% (2015: 37,01%%) at fixed rates. When taking the derivatives into account, the proportion variable – fixed rate at December 31st 2016 becomes 17,18% / 82,82% (2015: 23,74% / 76,26%).

	Carrying amount 31/12/2016	Carrying amount 31/12/2015
Fixed rate instruments		
Financial assets	**1.178.348.891,28**	**1.191.717.805,81**
Trade and other receivables	800.083.375,17	792.949.340,20
Other financial assets	378.265.516,11	398.768.465,61
Cash and cash equivalents	0,00	0,00
Financial liabilities	**-2.053.307.276,78**	**-1.949.259.700,59**
Financial liabilities	-2.034.608.411,34	-1.949.259.700,59
Trade and other payables	0,00	0,00
Other amounts payable	-18.698.865,44	0,00
Derivatives	**-753.223.557,62**	**-867.179.121,60**
Interest rate swaps	-805.123.007,29	-953.812.096,09
Foreign exchange swaps	51.899.449,67	86.632.974,49
Total fixed rate instruments	**-1.628.181.943,12**	**-1.624.721.016,38**
Floating rate instruments		
Financial assets	**743.799.481,99**	**770.236.763,02**
Trade and other payables	337.341.475,36	295.755.176,34
Other financial liabilities	181.656.014,19	180.032.058,97
Cash and cash equivalents	224.801.992,44	294.449.527,71
Financial liabilities	**-1.763.275.222,06**	**-2.059.643.818,67**
Financial liabilities	-1.494.836.431,44	-1.724.585.325,25
Trade liabilities	0,00	0,00
Other liabilities	-268.438.790,62	-335.058.493,42
Derivatives	**681.665.513,19**	**783.558.384,40**
Interest rate swaps	735.464.107,88	872.924.775,62
Foreign exchange swaps	-53.798.594,69	-89.366.391,22
Total variable rate instruments	**-337.810.226,88**	**-505.848.671,25**
Total	-1.965.992.170,00	-2.130.569.687,63

Following the debt assumption by the Belgian State at January 1st 2005, swap contracts were concluded with the Belgian State. Capitalized interest and accrued income relating to these swaps were recorded together with the "Back to Back" receivables as "Other Financial Assets". For the sake of consistency, the impact of these swaps was taken into account with other swaps in the table above.
The main exposures in interest rates result from financing in EUR and USD. The sensitivity to interest rate risk was determined based on a parallel theoretical displacement of the interest rate curve by 100 basis points

b. Cash flow sensitivity analysis

A 100bp rise of floating interest rates (including derivatives) would increase the net interest expenses of the Company in 2016 by 311.566,80 EUR (2015: 301.411,54 EUR)

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

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

The fair value sensitivity analysis was determined for the Company at the end of the period. An increase by 100bp would impact net result by 52.469.873,64 EUR (55.577.096,23 EUR) on 31 December 2016 (2015), of which 0,00 EUR (0,00 EUR) through other comprehensive income.

2.2.3 Market Risk: risk of commodity price

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

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

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

- Natural gas: application of the click-system where prices are set at different times within the limits approved by the management committee. The final price is the average of the different buying times and is valid for the total volume purchased. This allows for the spreading of risk, the timing of fixing and the reaction on market opportunities. To assure the supply, the Board of Directors of the Company decided to conclude framework agreements until

2020. The Company has the possibility to renew the framework agreements once, until 2021.

- Gas oil: the click-system can not be applied here. That is why the Company combines the purchase of gas oil at current price with the conclusion of derivatives (gas oil swaps). The use of derivatives has the potential to react to market opportunities and to reduce uncertainty on future cash flows. The Board of Directors of the Company has decided for 2015 to 2017 included, to cover a total volume based on 55% of the total estimated average over those years.

2.2.4 Credit Risk

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

Aging balance of financial assets

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

	Net carrying amount	Assets for which NO impairment loss is accounted for							Assets for which an impairment loss is accounted for
		Not expired	Past due at the end of the period						
			since 0-1 month	since 1-3 month	since 3-6 month	since 6-12 month	since 1-2 year	since more than 2 years	
31 December 2016									
Trade and other receivables	1.989.945.362,52	1.970.131.454,51	7.155.551,67	9.644.668,75	1.726.507,48	1.355.623,33	-483.363,00	414.919,78	0,00
Derivatives	299.541.061,76	299.541.061,76	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Other financial assets	698.103.509,83	698.103.509,83	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Cash and cash equivalents	307.081.133,70	307.081.133,70	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total	**3.294.671.067,81**	**3.274.857.159,80**	**7.155.551,67**	**9.644.668,75**	**1.726.507,48**	**1.355.623,33**	**-483.363,00**	**414.919,78**	**0,00**
31 December 2015									
Trade and other receivables	1.829.309.633,48	1.798.524.363,86	14.684.257,23	5.814.412,55	3.165.200,29	6.269.210,58	-109.465,77	961.654,74	0,00
Derivatives	316.321.663,68	316.321.663,68	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Other financial assets	707.449.317,81	707.449.317,81	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Cash and cash equivalents	413.508.702,86	413.508.702,86	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total	**3.266.589.317,83**	**3.235.804.048,21**	**14.684.257,23**	**5.814.412,55**	**3.165.200,29**	**6.269.210,58**	**-109.465,77**	**961.654,74**	**0,00**

Regional distribution

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

Zone	31/12/2016	31/12/2015
Belgium	2.337.455.876,65	2.379.656.024,88
Eurozone	406.412.846,92	389.265.869,46
Europe - other	426.877.257,67	367.382.010,18
United States	84.319.387,96	81.380.783,63
Other	39.605.698,61	48.904.629,68
Total	**3.294.671.067,81**	**3.266.589.317,83**

Rating of derivatives

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

Financial assets available for sale in which the Company has invested consists mainly of operational investments in companies who do not meet the criteria of a subsidiary, joint ventures of associates. For a more detailed analysis of these assets, see Note 11.

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

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

Rating	31/12/2016					
	Nominal		Fair value	Accrued income		
	Non-current	Current	adjustment	Non-current	Current	Total
Other financial assets	694.293.508,97	30.004.599,79	-36.791.683,35	8.581.443,06	2.015.641,36	698.103.509,83
AA+	73.539.349,89	0,00	4.778.541,83	900.322,84	0,00	79.218.214,56
Financial institutions	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Sovereigns	*73.539.349,89*	*0,00*	*4.778.541,83*	*900.322,84*	*0,00*	*79.218.214,56*
Corporates	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
AA	263.939.070,66	0,00	0,00	2.585.522,43	-5.638,68	266.518.954,41
Financial institutions	*32.815.993,36*	*0,00*	*0,00*	*1.881.095,55*	*0,00*	*34.697.088,91*
Sovereigns	*231.123.077,30*	*0,00*	*0,00*	*704.426,88*	*-5.638,68*	*231.821.865,50*
Corporates	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
AA-	113.820.330,25	0,00	0,00	121.603,42	0,00	113.941.933,67
Financial institutions	*113.820.330,25*	*0,00*	*0,00*	*121.603,42*	*0,00*	*113.941.933,67*
Sovereigns	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Corporates	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
A+	33.244.781,78	0,00	103.550,18	0,00	253.379,77	33.601.711,73
Financial institutions	*33.244.781,78*	*0,00*	*103.550,18*	*0,00*	*253.379,77*	*33.601.711,73*
Sovereigns	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Corporates	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
A	0,00	0,00	0,00	0,00	0,00	0,00
Financial institutions	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Sovereigns	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Corporates	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
A-	68.797.924,28	30.004.599,79	0,00	4.973.994,37	976.783,07	104.753.301,51
Financial institutions	*68.797.924,28*	*30.004.599,79*	*0,00*	*4.973.994,37*	*976.783,07*	*104.753.301,51*
Sovereigns	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Corporates	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
BBB-	0,00	0,00	0,00	0,00	0,00	0,00
Financial institutions	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Sovereigns	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Corporates	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
NR	140.952.052,11	0,00	-41.673.775,36	0,00	791.117,20	100.069.393,95
Financial institutions	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Sovereigns	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Corporates	*48.006.374,57*	*0,00*	*0,00*	*0,00*	*791.117,20*	*48.797.491,77*
Equity securities	*92.945.677,54*	*0,00*	*-41.673.775,36*	*0,00*	*0,00*	*51.271.902,18*
Other	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Rating	31/12/2016					
	Nominal		Fair value	Accrued income		
	Non-current	Current	adjustment	Non-current	Current	Total
Cash and cash equivalents	0,00	307.078.645,76	0,00	0,00	2.487,94	307.081.133,70
A-1+	0,00	224.061.602,00	0,00	0,00	0,00	224.061.602,00
Financial institutions	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Sovereigns	*0,00*	*224.061.602,00*	*0,00*	*0,00*	*0,00*	*224.061.602,00*
Corporates	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
NR	0,00	83.017.043,76	0,00	0,00	2.487,94	83.019.531,70
Financial institutions	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Sovereigns	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Corporates	*0,00*	*737.902,50*	*0,00*	*0,00*	*2.487,94*	*740.390,44*
Cash at bank	*0,00*	*77.293.328,28*	*0,00*	*0,00*	*0,00*	*77.293.328,28*
Cash in hand	*0,00*	*4.985.812,98*	*0,00*	*0,00*	*0,00*	*4.985.812,98*
	694.293.508,97	337.083.245,55	-36.791.683,35	8.581.443,06	2.018.129,30	1.005.184.643,53

The amounts mentioned as “Corporate” without rating are exclusively related to subsidiaries.

The bank accounts are mainly held at financial institutions established in Belgium whose short term rating is A-1 or A-2.

Rating		31/12/2015				
	Nominal		Fair value	Accrued income		
Other financial assets	**682.477.332,24**	**51.074.544,77**	**-35.623.811,94**	**8.053.509,66**	**1.467.743,08**	**707.449.317,81**
AA+	68.851.681,70	0,00	5.899.678,01	729.383,92	0,00	75.480.743,63
Financial institutions	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Sovereigns	*68.851.681,70*	*0,00*	*5.899.678,01*	*729.383,92*	*0,00*	*75.480.743,63*
Corporates	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
AA	250.888.579,36	0,00	0,00	2.385.372,33	-1.334,40	253.272.617,29
Financial institutions	*29.935.871,86*	*0,00*	*0,00*	*1.715.999,32*	*0,00*	*31.651.871,18*
Sovereigns	*220.952.707,50*	*0,00*	*0,00*	*669.373,01*	*-1.334,40*	*221.620.746,11*
Corporates	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
AA-	108.016.694,94	25.249.824,87	0,00	115.105,50	50.787,22	133.432.412,53
Financial institutions	*108.016.694,94*	*25.249.824,87*	*0,00*	*115.105,50*	*50.787,22*	*133.432.412,53*
Sovereigns	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Corporates	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
A+	32.070.291,05	16.709.706,82	668.070,62	0,00	240.166,25	49.688.234,74
Financial institutions	*32.070.291,05*	*0,00*	*197.191,08*	*0,00*	*157.267,54*	*32.424.749,67*
Sovereigns	*0,00*	*16.709.706,82*	*470.879,54*	*0,00*	*82.898,71*	*17.263.485,07*
Corporates	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
A	0,00	0,00	0,00	0,00	0,00	0,00
Financial institutions	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Sovereigns	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Corporates	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
A-	89.459.460,00	5.027.118,50	0,00	4.823.647,91	711.719,65	100.021.946,06
Financial institutions	*89.459.460,00*	*5.027.118,50*	*0,00*	*4.823.647,91*	*711.719,65*	*100.021.946,06*
Sovereigns	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Corporates	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
BBB-	0,00	3.417.894,58	92.214,79	0,00	16.510,33	3.526.619,70
Financial institutions	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Sovereigns	*0,00*	*3.417.894,58*	*92.214,79*	*0,00*	*16.510,33*	*3.526.619,70*
Corporates	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
NR	133.190.625,19	670.000,00	-42.283.775,36	0,00	449.894,03	92.026.743,86
Financial institutions	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Sovereigns	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Corporates	*40.250.821,14*	*670.000,00*	*-610.000,00*	*0,00*	*449.894,03*	*40.760.715,17*
Equity securities	*92.939.804,05*	*0,00*	*-41.673.775,36*	*0,00*	*0,00*	*51.266.028,69*
Other	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*

Rating		31/12/2015				
	Nominal		Fair value	Accrued income		
	Non-current	Current	adjustment	Non-current	Current	Total
Cash and cash equivalents	**0,00**	**413.505.380,82**	**0,00**	**0,00**	**3.322,04**	**413.508.702,86**
A-1+	0,00	218.616.000,00	0,00	0,00	0,00	218.616.000,00
Financial institutions	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Sovereigns	*0,00*	*218.616.000,00*	*0,00*	*0,00*	*0,00*	*218.616.000,00*
Corporates	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
NR	0,00	194.889.380,82	0,00	0,00	3.322,04	194.892.702,86
Financial institutions	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Sovereigns	*0,00*	*74.988.525,00*	*0,00*	*0,00*	*0,00*	*74.988.525,00*
Corporates	*0,00*	*841.680,67*	*0,00*	*0,00*	*3.322,04*	*845.002,71*
Cash at bank	*0,00*	*114.580.600,41*	*0,00*	*0,00*	*0,00*	*114.580.600,41*
Cash in hand	*0,00*	*4.478.574,74*	*0,00*	*0,00*	*0,00*	*4.478.574,74*

Management of derivatives counterparty credit risk

The credit risk of counterparties with whom we conclude derivatives should systematically be covered by the conclusion of CSA ("credit support annex"). Under such contracts the amount that should be paid either by the Company or by the counterparty in case of termination is calculated regularly. Through the use of CSA contracts, the Company payed and received guarantees for counterparties for which the fair value of the portfolio of financial instruments exceeds a predefined threshold. These thresholds are defined in the CSA contract based on the credit quality of each counterparty independently (rating).

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

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

Management of derivatives counterparty credit risk				31/12/2016
Counterparty	Credit risk	Collateral posted	Collateral received	Net exposure
150	0,00	0,00	0,00	0,00
152	38.349.169,42	0,00	-42.300.000,00	-3.950.830,58
154	-369.963.596,06	317.939.106,00	0,00	-52.024.490,06
155	0,00	0,00	0,00	0,00
156	-5.038.094,44	0,00	0,00	-5.038.094,44
158	10.123.660,52	0,00	0,00	10.123.660,52
159	-5.056.364,84	5.100.000,00	0,00	43.635,16
160	-27.170.376,15	0,00	0,00	-27.170.376,15
161	-25.641.750,50	1.100.000,00	0,00	-24.541.750,50
162	-9.746.204,75	0,00	0,00	-9.746.204,75
163	-12.640.898,65	2.700.000,00	0,00	-9.940.898,65
With CSA	**-406.784.455,45**	**326.839.106,00**	**-42.300.000,00**	**-122.245.349,45**
164	0,00	0,00	0,00	0,00
165	0,00	0,00	0,00	0,00
520	102.296,15	0,00	0,00	102.296,15
Belgian State	214.651.228,20	0,00	0,00	214.651.228,20
Eurofima	25.473.276,37	0,00	0,00	25.473.276,37
Without CSA	**240.226.800,72**	**0,00**	**0,00**	**240.226.800,72**
Total	**-166.557.654,73**	**326.839.106,00**	**-42.300.000,00**	**117.981.451,27**

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

2.2.5 Liquidity Risk

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

- disposes of sufficient liquidities. The Company has, at the end of 2016, 82.954.603,02 EUR (2015: 119.880.143,82 EUR) at its disposal which are not managed for third parties.
- has sufficient available lines of credit, confirmed (2016: 375 million EUR; 2015: 375 million EUR) and unconfirmed (2016: 35 million EUR; 2015: 35 million EUR) credit facilities available, supplemented by (unconfirmed) commercial paper (2016: 4 billion EUR; 2015: 4 billion EUR).
- concluded a credit line (200 million EUR) at the end of 2016 with the European Investment bank allowing to conclude long-term financing. The company disposes of the possibility to raise in a later phase the amount of the credit line up to 600 million EUR.
- has the ability to request the State guarantee for an amount up to 1.138.007.506,22 EUR.

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

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

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

The table below shows the maturity of future undiscounted contractual cash flows of financial liabilities, including estimated interest payments and taking into account the cash flow from investments, "back to back" receivables, reimbursements from the State for agreed transactions, derivatives and available cash and cash equivalents.

*including interest payments	Carrying amount	Contractual cash flows *	< 6 months	6-12 months	1-2 year	2-5 years	> 5 year
31 December 2016							
Financial assets							
Trade and other receivables	562.213.635,53	784.083.068,00	19.481.068,00	30.035.000,00	41.926.000,00	125.778.000,00	566.863.000,00
Derivatives	299.541.061,76	-202.625,14	3.322.742,88	3.117.724,20	5.892.053,16	-15.362.379,69	2.827.234,31
Other financial assets	598.034.115,88	1.043.097.401,73	31.353.293,07	280.545,29	7.617.131,36	133.096.101,47	870.750.330,54
Cash and cash equivalents	224.061.719,64	224.061.719,64	224.061.719,64	0,00	0,00	0,00	0,00
Total financial assets	**1.683.850.532,81**	**2.051.039.564,23**	**278.218.823,59**	**33.433.269,49**	**55.435.184,52**	**243.511.721,78**	**1.440.440.564,85**
Financial liabilities							
Financial liabilities	3.707.886.496,54	4.347.482.140,26	823.992.061,15	22.166.875,30	163.929.774,97	924.594.242,58	2.412.799.186,26
Derivatives	466.098.716,49	417.366.149,90	5.868.398,14	35.356.065,79	38.179.756,82	-44.887.118,84	382.849.047,99
Trade and other payables	383.776.851,91	383.288.090,97	383.110.607,21	78,47	0,00	177.405,29	0,00
Other amounts payable	336.321.658,13	386.855.000,69	121.199.399,85	42.908.797,10	77.996.597,17	75.960.427,48	68.789.779,09
Total financial liabilities	**4.894.083.723,07**	**5.534.991.381,82**	**1.334.170.466,35**	**100.431.816,66**	**280.106.128,96**	**955.844.956,51**	**2.864.438.013,34**
Total	**-3.210.233.190,26**	**-3.483.951.817,59**	**-1.055.951.642,76**	**-66.998.547,17**	**-224.670.944,44**	**-712.333.234,73**	**-1.423.997.448,49**

*including interest payments	Carrying amount	Contractual cash flows *	< 6 months	6-12 months	1-2 year	2-5 years	> 5 year
31 December 2015							
Financial assets							
Trade and other receivables	574.783.974,41	818.419.000,00	11.891.000,00	30.035.000,00	41.926.000,00	125.778.000,00	608.789.000,00
Derivatives	316.321.663,68	36.050.078,51	26.252.889,69	16.696.704,00	5.591.350,54	1.286.805,07	-13.777.670,79
Other financial assets	615.422.573,95	1.084.087.736,84	31.368.408,77	21.121.124,14	30.623.220,51	68.106.665,59	932.868.317,83
Cash and cash equivalents	293.609.227,50	293.620.702,50	293.620.702,50	0,00	0,00	0,00	0,00
Total financial assets	**1.800.137.439,54**	**2.232.177.517,85**	**363.133.000,96**	**67.852.828,14**	**78.140.571,05**	**195.171.470,66**	**1.527.879.647,04**
Financial liabilities							
Financial liabilities	3.720.302.116,82	4.420.241.809,86	1.056.894.782,96	104.338.248,99	156.355.518,81	844.128.096,93	2.258.525.162,17
Derivatives	490.619.209,96	447.995.857,83	-17.112.653,76	54.795.089,76	39.656.212,30	61.381.988,29	309.275.221,24
Trade and other payables	401.449.436,87	401.449.436,87	400.411.317,50	324.106,11	702.951,26	0,00	11.062,00
Other amounts payable	451.202.741,11	451.021.565,89	208.325.350,21	57.277.097,53	102.490.675,72	79.690.892,59	3.237.549,84
Total financial liabilities	**5.063.573.504,76**	**5.720.708.670,45**	**1.648.518.796,91**	**216.734.542,39**	**299.205.358,09**	**985.200.977,81**	**2.571.048.995,25**
Total	**-3.263.436.065,22**	**-3.488.531.152,60**	**-1.285.385.795,95**	**-148.881.714,25**	**-221.064.787,04**	**-790.029.507,15**	**-1.043.169.348,21**

2.2.6 Fair Value Risk

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

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs, other than quoted prices of level 1, that are observable for assets or liabilities, directly (e.g. as prices) or indirectly (e.g. derived from prices).

Level 3: inputs of assets or liabilities that are not based on observable market data (non-observable data).

		31/12/2016	
	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit or loss			
Deposits	0,00	0,00	0,00
Fixed rate securities	79.218.214,56	33.601.711,73	0,00
Derivatives	0,00	276.144.729,92	23.396.331,84
Other	0,00	87.113.868,18	0,00
Available-for-sale financial assets	0,00	0,00	51.271.902,18
Total	79.218.214,56	396.860.309,83	74.668.234,02
Liabilities			
Financial liabilities at fair value through profit or loss			
Financial liabilities	0,00	0,00	148.968.925,58
Derivatives	0,00	468.175.661,02	-2.076.944,53
Other	0,00	2.076.676,41	0,00
Total	0,00	470.252.337,43	146.891.981,05

	31/12/2015		
	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit or loss			
Deposits	0,00	0,00	0,00
Fixed rate securities	96.270.848,40	32.424.749,67	0,00
Derivatives	0,00	277.342.885,85	38.978.777,83
Other	0,00	77.633.456,88	0,00
Available-for-sale financial assets	0,00	0,00	51.266.028,69
Total	**96.270.848,40**	**387.401.092,40**	**90.244.806,52**
Liabilities			
Financial liabilities at fair value through profit or loss			
Financial liabilities	0,00	0,00	200.660.766,94
Derivatives	0,00	476.821.944,99	13.797.264,97
Other	0,00	2.048.893,42	0,00
Total	**0,00**	**478.870.838,41**	**214.458.031,91**

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

Following the reorganisation on January 1st 2014, the Company no longer has a representative number of listed fixed income securities (Bonds). The Company no longer disposes of market data as defined in paragraph 81 and 82 of IFRS 13 in order to value at fair value the liabilities voluntary classified "at fair value through net income" and derivatives that are not part of a CSA. Therefore, since January 1st 2014, the fair values of these instruments are considered Level 3 of the fair value hierarchy according to IFRS 13.

Changes in level 3 financial instruments	EUR
Assets	
At 1 January	**90.244.806,52**
Level 3 inputs	0,00
Payments	-18.847.959,64
Total gains and losses recognised in net-result	3.271.387,14
Transfers assets-liabilities	0,00
At 31 December	**74.668.234,02**
Liabilities	
At 1 January	**214.458.031,91**
Balance at 1 January	0,00
Payments	-79.014.014,81
Total gains and losses recognised in net-result	11.447.963,95
Transfers assets-liabilities	0,00
At 31 December	**146.891.981,05**

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

3 Note 3 – Critical accounting estimates and significant judgments

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

3.1 Fair value of derivatives and other financial instruments

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

We refer to note 2.2.2.b for a sensitivity analysis.

3.2 Employee benefits

Liabilities arising from employee benefits are actuarially determined, based on different financial and demographic assumptions. Any variation of these assumptions would impact the amount of the liability. An important assumption that has a major sensibility on the liability is the discount rate. At each closing, the Company determines this rate by reference to first category corporate bonds with similar maturity at closing date. Other major assumptions are based on the market, or reflect the Company's best estimate (see additional information disclosed in note 17).

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

3.3 Useful life of property, plant and equipment

Property, plant and equipment mainly comprise railway rolling stock, railway infrastructure and stations. Depreciation is computed as from the date at which the asset is ready to be used, according to the straight line method and according to a rate corresponding to the estimated useful life of the asset. This useful life has been estimated by management and corresponds to the period during which the asset is expected to be available to be used by the Company. Estimated useful life takes into consideration the foreseen use by the Company, foreseen physical wear that depends on operational factors such as the maintenance program, technical and economical obsolescence, and legal limitations and other similar limitations (such as the leasing contract period). For a detail of the useful lives estimated for property, plant and equipment, we refer to note 1.4. However, actual useful life might differ because of numerous factors. This could result in a shorter or longer useful life. If the estimated useful life appears to be incorrect, or if there's a change in the circumstances in such manner that the estimated useful life has to be revised, that could lead to an impairment loss or an increased or decreased depreciation charge for the upcoming periods. Useful lives are examined at each closing date and prospectively adjusted if necessary.

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

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

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

3.5 Impairment losses on property, plant and equipment

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

3.6 Deferred tax: recovery of deferred tax assets

Deferred tax assets are only recognised for deductible temporary differences and losses carried forward if it is probable that future taxable profits (based on a future horizon of three years) will offset these losses and differences and if tax losses remain available given their origin, their period of occurrence and their compliance with the legislation relating to their recovery.

4 Note 4 – Intangible assets

	Internally generated softwares	Others	Total
Carrying value at 1 January 2015	**268.182.064,53**	**39.195,00**	**268.221.259,53**
Acquisitions	33.643.732,12		33.643.732,12
Internally generated fixed assets	3.345.853,59		3.345.853,59
Disposals	-61.745,63	-64.678,00	-126.423,63
Other transfers		27.786,24	27.786,24
Impairment losses	-7.516,17		-7.516,17
Reversal of impairment losses			0,00
Amortisation of the year	-43.017.701,90		-43.017.701,90
Carrying value at 31 December 2015	**262.084.686,54**	**2.303,24**	**262.086.989,78**
Carrying value at 1 January 2016	**262.084.686,54**	**2.303,24**	**262.086.989,78**
Acquisitions	39.511.956,79		39.511.956,79
Internally generated fixed assets	3.876.492,60		3.876.492,60
Disposals		-9.555,00	-9.555,00
other transfers	-29.881,93	18.214,50	-11.667,43
Impairment losses	-864.850,02		-864.850,02
Amortisation of the year	-48.021.142,86		-48.021.142,86
Carrying value at 31 December 2016	**256.557.261,12**	**10.962,74**	**256.568.223,86**

	Internally generated softwares	Others	Total
As at 31 December 2015			
Cost	457.876.315,80	2.303,24	457.878.619,04
Accumulated amortisation	-192.007.666,40		-192.007.666,40
Accumulated impairment	-3.783.962,86		-3.783.962,86
Carrying value at 31 December 2015	**262.084.686,54**	**2.303,24**	**262.086.989,78**
As at 31 December 2016			
Cost	501.126.040,76	10.962,74	501.137.003,50
Accumulated amortisation	-240.784.816,78		-240.784.816,78
Accumulated impairment	-3.783.962,86		-3.783.962,86
Carrying value at 31 December 2016	**256.557.261,12**	**10.962,74**	**256.568.223,86**

The amount of other transfers relate to the green certificates as a result of the installation of photovoltaic panels. SNCB sold 177 of its green certificates in 2016 for the amount of 9.555,00 EUR.

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

Carrying value of intangible assets	31/12/2016	31/12/2015
Acquired through grants: internally generated softwares	246.347.005,80	250.590.516,63

As per 31 December 2016, 96,0% of the intangible assets are acquired through government grants.

The Company has no intangible assets with indefinite useful life.

5 Note 5 – Property, plant and equipment

5.1 *Property, plant and equipment*

	Land	Buildings	Rail infrastructure	Railway rolling stock	Plant and various equipment	Assets under construction	Total
Carrying value at 1 January 2015	**579.196.278,80**	**846.231.524,26**	**43.962.149,98**	**4.036.556.018,33**	**186.868.299,99**	**862.206.333,67**	6.555.020.605,03
Acquisitions		188.607,34			5.030,59	521.995.566,29	522.189.204,22
Internally generated						134.733.128,96	134.733.128,96
Borrowing cost						153.937,87	153.937,87
Disposals		-944,84			-63.291,44		-64.236,28
Transfer to							
other assets held for sales	-2.132.632,25	-1.365,46		-16.666.144,83	-385.718,93	-1.180.455,11	-20.366.316,58
other category within this section	54.004,69	30.764.242,53	4.243.812,24	289.412.338,64	27.774.298,64	-352.248.696,74	0,00
Other transfers	311.837.377,93	-61.010.112,36			2.166.834,53	-13.385.584,11	239.608.515,99
Impairment losses		-895.577,31		-32.112.586,39	-340.109,33		-33.348.273,03
Reversal of impairment losses							0,00
Depreciation		-44.534.310,11	-2.393.820,83	-242.409.055,84	-25.190.646,85		-314.527.833,63
Carrying value at 31 December 2015	**888.955.029,17**	**770.742.064,05**	**45.812.141,39**	**4.034.780.569,91**	**190.834.697,20**	**1.152.274.230,83**	7.083.398.732,55
Carrying value at 1 January 2016	**888.955.029,17**	**770.742.064,05**	**45.812.141,39**	**4.034.780.569,91**	**190.834.697,20**	**1.152.274.230,83**	7.083.398.732,55
Acquisitions	0,00	132.559,50	690.923,22		34.087,77	320.128.307,30	320.985.877,79
Merger	4.309.992,17	8.856.393,53	207,36				13.166.593,06
Internally generated						140.873.655,66	140.873.655,66
Borrowing cost						66.004,62	66.004,62
Disposals							0,00
Transfer to							
other assets held for sales	-4.689.136,21	-17.995.921,81	-454.226,74	-4.073.521,68	-611.912,73	-936.465,88	-28.761.185,05
investment properties	-19.971.256,68	-1.503.496,45			-3.654,64	-6.042.537,23	-27.520.945,00
other category within this section	227.443,07	211.546.367,53	11.454.343,65	131.719.620,66	39.861.178,83	-394.779.071,81	29.881,93
Impairment losses	-86.644.172,93	-1.062.303,98	-49.495,56	-32.947.963,19	-3.153.173,60		-123.857.109,26
Depreciation		-44.782.638,34	-2.843.506,67	-246.110.173,63	-26.668.103,43		-320.404.422,07
Carrying value at 31 December 2016	**782.187.898,59**	**925.933.024,03**	**54.610.386,65**	**3.883.368.532,07**	**200.293.119,40**	**1.211.584.123,49**	7.057.977.084,23

The investments in 2016 include the revision/modernization of rolling stock for 104.491.337,46 EUR, the acquisition of material M7 for 77.799.590,75 EUR and the acquisition of engines T18 for 18.311.021,13 EUR. They include as well the realized investments for the new workshops of Melle, Kinkempois and Arlon.

The amount of 13.166.593,06 EUR in 2016 includes the following merger operations realised on the 1st of January 2016:

- sale by Eurostation, after her merger with Euro Immo Star, of the activity "Concessions Brussels-South" to the SNCB;
- merger by acquisition of South Stations by the SNCB. The Company was 100% owner of the Eurostation Group;
- merger by acquisition of Foncière Rue de France.

The impact of these operations from property, plant and equipment amounts to 7.746.829,61 EUR as a consequence of the acquisition of the activity branch "Concessions Brussel-South", 5.419.556,09 EUR as a result of the merger with Foncière Rue de France and 207,36 EUR as a result of the merger with South Station.

The transfers of land during the financial year 2016 of property, plant and equipment to investments properties include the land of Main-Hub in Antwerp North for 13.645.546,61 EUR wherefore a lease was signed with IFB on 1 October 2016.

	Land	Buildings	Rail infrastructure	Railway rolling stock	Plant and various equipment	Assets under construction	Total
As at 31 December 2015							
Cost	888.956.128,63	1.456.935.553,19	150.057.450,10	6.529.978.607,81	562.016.170,36	1.152.274.230,83	10.740.218.140,92
Accumulated amortisation		-678.251.614,40	-87.031.654,42	-2.487.698.756,13	-363.043.736,78		-3.616.025.761,73
Accumulated impairment	-1.099,46	-7.941.874,74	-17.213.654,29	-7.499.281,77	-8.137.736,38		-40.793.646,64
Carrying value at 31 December 2015	**888.955.029,17**	**770.742.064,05**	**45.812.141,39**	**4.034.780.569,91**	**190.834.697,20**	**1.152.274.230,83**	**7.083.398.732,55**
As at 31 December 2016							
Cost	866.322.379,39	1.666.078.794,76	159.970.505,63	6.547.071.905,74	584.564.995,18	1.211.584.123,49	11.035.592.704,19
Accumulated amortisation		-732.708.673,73	-88.116.155,77	-2.654.916.938,30	-376.240.998,82		-3.851.982.766,62
Accumulated impairment	-84.134.480,80	-7.437.097,00	-17.243.963,21	-8.786.435,37	-8.030.876,96		-125.632.853,34
Carrying value at 31 December 2016	**782.187.898,59**	**925.933.024,03**	**54.610.386,65**	**3.883.368.532,07**	**200.293.119,40**	**1.211.584.123,49**	**7.057.977.084,23**

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

5.2 Impairment losses on property, plant and equipment

On 31 December 2016, an amount of 145.893.397,94 EUR has been recognized as impairment losses on land that have been the object of a valuation at fair value during the transition to IFRS on 1 January 2014. This amount includes 86.644.172,93 EUR of land classified as property, plant and equipment, 58.528.141,93 EUR of land classified as investment property and 721.083,08 EUR of land classified as non-current assets held for sale. An impairment test has been realised by the Company in 2016 in accordance with IAS 36. When the fair value is lower than the carrying amount, an impairment loss is recognized in the IFRS financial statements. These impairment losses mainly concern changes in accounting estimates according to IAS 8 and IFRS 13 since they are mainly the consequence of improvements in the valuation techniques.

The fair value of land has been determined in accordance with two important methods. The land situated around the railway stations wherefore development projects exist have been valued on the basis of a comparable market or on the basis of the discounted estimated future cash flows, taking into account realistic and cautious hypothesis for their possible destination. The remaining land has been valued on the basis of a comparable market, i.e. bases on recent transactions with third parties. If it is justified by the nature of the land, adjustments are made to capture the specific nature of the land used for railway activities, the market price derived from more general transactions has not necessarily taken into account this specific nature. The performed valuations are valuations of level 2 (based on observable market data related to the asset, different from the data observable on active markets) or level 3 (bases on non-observable data related to the asset).

5.3 Property, plant and equipment: finance leases

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

	Buildings
As at 31 December 2015	
Cost	7.899.468,57
Accumulated amortisation	-990.942,58
Accumulated impairment	-5.959.691,46
Carrying value at 31 December 2015	**948.834,53**
As at 31 December 2016	
Cost	15.502.546,24
Accumulated amortisation	-1.841.801,71
Accumulated impairment	-5.959.691,46
Carrying value at 31 December 2016	**7.701.053,07**

The increase in 2016 of buildings in lease principally relates to an underground area as a result of the repurchase by the Company of the activity branch "Concessions Brussels-South" from Eurostation.

5.4 *Other information related to property, plant and equipment*

Carrying value of property, plant and equipment	31/12/2016	31/12/2015
of which the property is		
given as a collateral for debts	2.243.337.117,73	1.814.347.389,04
Total	**2.243.337.117,73**	**1.814.347.389,04**

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

Carrying value of property, plant and equipment	31/12/2016	31/12/2015
Acquired through grants		
Lands	*40.520.901,42*	*40.413.453,68*
Buildings	*851.000.518,16*	*699.857.963,66*
Rail infrastructure	*43.200.049,40*	*33.911.580,05*
Railway rolling stock	*3.530.593.815,20*	*3.636.488.794,34*
Plant and various equipment	*164.923.894,20*	*151.673.884,69*
Assets under construction	*1.198.866.775,64*	*1.140.702.555,75*
Total	**5.829.105.954,02**	**5.703.048.232,17**

As per 31 December 2016, 82,6% of property, plant and equipment is funded by government grants (80,5% in 2015).

6 Note 6 – Investment property

6.1 Investment property

	Land	Buildings	Total
Carrying value at 1 January 2015	**681.063.543,72**	**9.370.230,20**	**690.433.773,92**
Acquisitions		477.270,28	477.270,28
Internally generated			0,00
Disposals			0,00
Borrowing cost			0,00
Transfer to:			
non-current assets held for sale	-1.473.243,22	-30.426,25	-1.503.669,47
property, plant and equipment			0,00
other	-311.766.055,36	72.133.855,31	-239.632.200,05
Impairment losses			0,00
Reversal of impairment losses			0,00
Depreciation of the year		-8.213.443,20	-8.213.443,20
Carrying value at 31 December 2015	**367.824.245,14**	**73.737.486,34**	**441.561.731,48**
Carrying value at 1 January 2016	**367.824.245,14**	**73.737.486,34**	**441.561.731,48**
Acquisitions		2.039.233,29	2.039.233,29
Internally generated		5.398,60	5.398,60
Disposals			0,00
Borrowing cost			0,00
Transfer within the section	492,85	-492,85	0,00
Transfer to:			
non-current assets held for sale	-5.918.618,78	-13.585,60	-5.932.204,38
property, plant and equipment	19.971.256,68	7.549.688,32	27.520.945,00
other	719.977,19		719.977,19
Impairment losses	-58.528.141,93	-1.422,92	-58.529.564,85
Reversal of impairment losses			0,00
Depreciation of the year		-4.054.265,71	-4.054.265,71
Carrying value at 31 December 2016	**324.069.211,15**	**79.262.039,47**	**403.331.250,62**

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

On 31 December 2016 impairment losses on land, that have been the object of a valuation at fair value during the transition to IFRS on 1 January 2014 (see note 5.2 Impairment losses on property, plant and equipment), have been recognized.

	Land	Buildings	Total
As at 31 December 2015			
Cost	367.824.245,14	188.481.448,61	556.305.693,75
Accumulated depreciation	0,00	-111.842.865,43	-111.842.865,43
Accumulated impairment	0,00	-2.901.096,84	-2.901.096,84
Carrying value at 31 December 2015	**367.824.245,14**	**73.737.486,34**	**441.561.731,48**
As at 31 December 2016			
Cost	39.687.845,88	196.541.193,68	236.229.039,56
Accumulated revaluation	338.296.897,16		338.296.897,16
Accumulated depreciation		-113.910.147,75	-113.910.147,75
Accumulated impairment	-53.915.531,89	-3.369.006,46	-57.284.538,35
Carrying value at 31 December 2016	**324.069.211,15**	**79.262.039,47**	**403.331.250,62**

6.2 Other information related to investment property

Carrying value of investment properties	31/12/2016	31/12/2015
of which the property is		
given as a collateral for debts	0,00	0,00
Total	**0,00**	**0,00**

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

Accounted for in net result for the year ending	31/12/2016	31/12/2015
Rental income	25.181.898,51	26.245.199,59
Operating expenses	9.942.170,54	6.782.338,75

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

	31/12/2016			31/12/2015		
	Land	Buildings and land equipments	Total	Land	Buildings and land equipments	Total
Cost	219.197.736,25	81.986.200,94	301.183.937,19	140.707.678,61	164.540.199,00	305.247.877,61
Accumulated depreciation at 1 January	-24.749.609,99	-44.095.593,81	-68.845.203,80		-86.532.841,88	-86.532.841,88
Depreciation of the year		-3.101.136,34	-3.101.136,34		-5.661.068,67	-5.661.068,67
Carrying value at 31 December	194.448.126,26	34.789.470,79	229.237.597,05	140.707.678,61	72.346.288,45	213.053.967,06

Fair value of investment property

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

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

	Land	Buildings	Total
Fair value as at 31 December 2015	367.824.245,14	453.965.679,02	821.789.924,16
Fair value as at 31 December 2016	324.069.211,15	498.153.144,22	822.222.355,37

7 Note 7 – Interests in subsidiaries

7.1 Interests in subsidiaries

	2016	2015
Carrying value at 1 January	**175.370.957,95**	**175.370.957,95**
Acquisitions		322,23
Disposals		-322,23
Merger with SNCB	-11.035.489,65	
Impairment	-795.056,88	
Reversal of impairment losses		
Transfer to another balance sheet item		
Carrying value at 31 December	**163.540.411,42**	**175.370.957,95**

The amount of -11.035.489,65 EUR in 2016 concerns Foncière Rue de France and South Station as a result of their merger with the SNCB (see note 5 – Property, plant and equipment). In the case of a merger by acquisition the assets and liabilities of each company are added up and the carrying value of the shares in the accounts of the acquiring company is replaced by the proportion that that these shares represent in the equity of the acquired company.

The impairment losses recognized in 2016 is related to Transurb and calculated on the basis of the latest available equity of Transurb.

Name	Share of voting rights in % at 31 December		Location of headquarters	VAT number
	2016	2015		
Eurostation SA	99,97	99,97	Brussels	BE 0446 601 757
Eurogare SA	75,00	75,00	Liège	BE 0451 150 562
Foncière rue de France SA	-	100,00	Brussels	BE 0433 939 101
South Station SA	-	25,10	Brussels	BE 0896 513 095
B-Parking SA	100,00	100,00	Brussels	BE 0899 348 834
YPTO	100,00	100,00	Brussels	BE 0821 220 410
Railtour	95,44	95,44	Brussels	BE 0402 698 765
SPV LLN SA	100,00	100,00	Brussels	BE 0826 478 107
Transurb	92,00	92,00	Brussels	BE 0413 393 907

8 Note 8 – Interests in joint ventures and associates

8.1 Interests in joint ventures and associates

	Notes	31/12/2016	31/12/2015
Interests in joint ventures	8.2	5.749.195,80	7.643.369,64
Interests in associates	8.3	319.368.816,21	320.842.601,87
Net carrying value		**325.118.012,01**	**328.485.971,51**

8.2 Interests in joint ventures

	2016	2015
Carrying value as at 1 January	**7.643.369,64**	**7.225.299,77**
Transfer to associates		-40.000,00
Acquisitions	282.900,00	
Reversals of impairment losses	1.718.990,78	458.069,87
Transfer to non-current assets held for sale (note 15.1)	-3.896.064,62	
Carrying value as at 31 December	**5.749.195,80**	**7.643.369,64**

The acquisitions are related to the participation in Belgian Mobility Card, a joint venture specialised in het conceptualization and development of a joint ticketing system for the tickets. The SNCB was already shareholder for 25% of this company together with STIB, TEC and De Lijn. During the first semester 2016, in order to secure the financing of the activities of Belgian Mobility Card, each shareholder has, in proportion to its percentage held, underwritten an increase in capital of 1.131.600 € (i.e. 282.900,00 € per shareholder). As a consequence of the contribution in kind of one of the shareholder, the percentage held by the SNCB in this joint venture decreased to 18,59% while her percentage of voting rights remained 25%.

The reversal of impairment losses recognized in 2015 is related to the participations in ATO and Publifer based on the latest available equity for these companies.

In accordance with the decision of the SNCB to give up the control over her participation in ATO and Liège Container Terminal and in accordance with IFRS 5, these assets have been transferred in 2016 to non-current assets held for sale for their net carrying value (after recognition of a reversal of impairment losses on ATO), ATO: 3.346.578,61 EUR and Liège Container Terminal: 549.486,01 EUR. We refer to note 15 Non-current assets held for sale.

The joint-ventures are:

Name	Share of voting rights in % at 31 December 2016	2015	Location of headquarters	VAT number
Publifer	50,00	50,00	Brussels	BE 0402 695 933
BeNe RI	50,00	50,00	Brussels	BE 0479.863.354
Thalys Int	28,00	28,00	Brussels	BE 0455.370.557
Belgian Mob Card	25,00	25,00	Brussels	BE 0822.658.483
ATO *	50,00	50,00	Antwerp	BE 0882.650.114
Liège Container Terminal *	-	50,00	Flémalle	BE 0878.226.320

* companies transfered to non current assets held for sale

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

31/12/2016	Publifer	BeNe RI	Thalys Int.	ATO	Belgian Mob Card	Total
Share in statement of financial position of joint ventures						
Current assets	3.321.775,70	5.947.200,88	2.137.910,20	2.499.442,83	428.177,84	14.334.507,45
Non current assets	288.489,05	2.820.434,25	278.874,67	2.402.659,16	94.142,18	5.884.599,30
Current liabilities	-2.636.998,73	-4.567.653,63	-1.577.167,49	-1.530.914,37	-92.305,83	-10.405.040,05
Non current liabilities			-92.512,92		0,00	-92.512,92
Net assets	973.266,02	4.199.981,50	747.104,46	3.371.187,61	430.014,19	9.721.553,78
						0,00
Share in statement of net result of joint ventures						0,00
Income	4.776.963,27	12.605.170,43	4.337.926,72	7.712.595,70	312.584,21	29.745.240,33
Expenses	-4.428.482,47	-12.498.791,07	-4.248.162,00	-7.214.238,15	-301.696,61	-28.691.370,30
Net result	348.480,80	106.379,36	89.764,72	498.357,55	10.887,60	1.053.870,03

31/12/2015	Publifer	BeNe RI	Thalys Int.	ATO	Belgian Mob Card	Liège Container Term	Total
Share in statement of financial position of joint ventures							
Current assets	2.969.225,02	6.052.677,90	2.801.426,95	1.566.131,25	178.793,15	1.394.854,24	14.963.108,51
Non current assets	318.956,20	3.436.465,25	447.257,26	2.487.302,80	96,28	1.381.966,10	8.072.043,89
Current liabilities	-2.409.165,87	-5.395.541,01	-2.513.340,00	-1.153.244,77	-145.444,72	-1.395.762,99	-13.012.499,36
Non current liabilities	-4.230,12		-78.004,47			-109.940,43	-82.234,59
Net assets	874.785,23	4.093.602,14	657.339,74	2.900.189,28	33.444,71	1.271.116,92	8.559.361,10
Share in statement of net results of joint ventures							
Income	4.696.016,46	12.884.758,43	10.854.294,67	6.146.854,19	327.555,76	4.918.037,89	39.827.517,40
Expenses	-4.402.603,38	-12.836.234,66	-10.753.883,78	-5.790.564,08	-320.929,94	-4.876.874,96	-38.981.090,80
Net result	293.413,08	48.523,77	100.410,89	356.290,11	6.625,82	41.162,93	805.263,67

8.3 Interests in associates

	2016	2015
Carrying value as at 1 January	**320.842.601,87**	**85.707.188,98**
Transfer from joint ventures		40.000,00
Acquisitions		225.840.000,00
Impairment		-81.490,71
Reversals of impairment losses	128.656,57	
Transfer from/to non-current assets held for sale (note 15.1)	-1.602.442,23	9.336.903,60
Carrying value as at 31 December	**319.368.816,21**	**320.842.601,87**

The reversal of impairments losses of 128.656,57 EUR relates to the participation in Terminal Athus based on the latest available equity of the company.

In accordance with the decision of the SNCB to give up the control over her participation in Terminal Athus and in accordance with IFRS 5, these assets have been transferred in 2016 to non-current assets held for sale at their net carrying value (after recognition of a reversal of impairment losses) for 1.602.442,23 EUR. We refer to note 15 Non-current assets held for sale.

The participation in THI Factory has been subjected to an impairment test on 31 December 2016. Her fair value has been determined using the method of the multiple EBITDA and turnover observed in sale transactions between companies with comparable activities and during the contribution of 1 April 2015. Based on this test no impairment loss has been recognized on the participation in THI Factory on 31 December 2016.

The associates are:

Name	Share of voting rights in %at 31 December		Location of headquarters	VAT number
	2016	2015		
Eurofima	9,80	9,80	Bâle	N.C.
Optimobil	24,01	24,01	Brussels	BE 0471 868 277
HR RAIL	49,00	49,00	Brussels	BE 0541.691.352
Terminal Athus *	25,42	25,42	Athus	BE 0419.149.074
Railteam	10,00	10,00	Amsterdam	NL 818547182B01
THI Factory	40,00	40,00	Brussels	BE 0541.696.005
B-Logistics	31,12	31,12	Brussels	BE 0822.966.806

* companies transfered to non current assets held for sale

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

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

	31/12/2016							
	Eurofima	B-Logistics	Optimobil	HR Rail	Terminal Athus	Railteam	THI Factory	Total
Assets	1.907.496.171,74	132.285.989,05	149.890,27	252.133.625,97	2.924.486,17	22.112,90	273.552.718,01	2.568.564.994,11
Liabilities	-1.801.631.590,39	-77.527.053,53	-63.027,62	-240.903.848,39	-992.289,10	-10.546,60	-46.295.011,59	-2.167.423.367,21
Income	63.830.096,00	152.013.697,40	348.969,64	979.799.578,99	4.845.828,87	40.336,70	178.821.672,18	1.379.700.179,78
Global result	1.178.473,98	-3.833.039,23	13.820,37	-2.195.231,97	430.167,74	5.271,30	1.268.746,08	-3.131.791,73

	31/12/2015							
	Eurofima	B-Logistics	Optimobil	HR Rail	Terminal Athus	Railteam	THI Factory	Total
Assets	2.066.344.707,71	137.752.459,03	148.517,23	246.068.381,60	2.751.899,56	16.269,90	267.042.816,04	2.720.125.051,07
Liabilities	-1.961.658.600,34	-79.160.484,23	-75.474,95	-232.643.372,04	-1.078.037,27	-3.611,10	-38.983.609,17	-2.313.603.189,10
Income	73.253.996,86	35.926.872,46	346.736,79	1.019.102.470,20	4.949.276,55	43.025,30	145.322.391,94	1.278.944.770,10
Global result	686.775,87	-1.643.279,78	9.360,35	559.633,69	255.678,99	6.363,80	2.194.109,26	2.068.642,18

9 Note 9 - Trade and other receivables

9.1 *Trade and other receivables*

	Notes	31/12/2016 Gross amount	31/12/2016 write downs	31/12/2016 Net amount	31/12/2015 Gross amount	31/12/2015 write downs	31/12/2015 Net amount
Non-current							
Trade receivables				0,00	0,00	0,00	0,00
Receivables on public authorities							
Other trade receivables							
Other receivables		800.386.298,70	-1.291.065,97	799.095.232,73	796.806.129,54	0,00	796.806.129,54
Receivables on public authorities		683.091.170,54		683.091.170,54	714.355.613,38		714.355.613,38
Finance lease receivables	9.3	106.360.628,46	-1.291.065,97	105.069.562,49	75.251.031,84		75.251.031,84
Other receivables within the Group		0,00		0,00	6.510.701,52		6.510.701,52
Amounts due from customers for construction contracts	10	10.298.578,53		10.298.578,53	0,00		0,00
Other receivables		635.921,17		635.921,17	688.782,80		688.782,80
Total (non-current)		**800.386.298,70**	**-1.291.065,97**	**799.095.232,73**	**796.806.129,54**	**0,00**	**796.806.129,54**
Current							
Trade receivables		554.247.487,19	-5.759.413,55	548.488.073,64	605.117.701,75	-9.725.441,86	595.392.259,89
Trade receivables		114.507.527,16	-5.707.780,84	108.799.746,32	121.636.405,00	-9.549.901,89	112.086.503,11
Amounts due from customers for construction contracts	10	3.797.242,33		3.797.242,33	31.449.079,56		31.449.079,56
Receivables on public authorities		390.608.391,57		390.608.391,57	402.275.383,19		402.275.383,19
Other trade receivables in the Group		45.334.326,13	-51.632,71	45.282.693,42	49.756.834,00	-175.539,97	49.581.294,03
Other receivables		875.317.789,86	-7.241.765,57	868.076.024,29	725.205.889,76	-5.350.020,39	719.855.869,37
Receivables on public authorities		146.515.796,86		146.515.796,86	86.420.871,88	-500.000,00	85.920.871,88
Deferred charges		116.317.844,51		116.317.844,51	115.708.137,36		115.708.137,36
Accrued income		28.056.750,96		28.056.750,96	72.767.090,34		72.767.090,34
Advances on inventories		2.425.363,79	-167.282,10	2.258.081,69	3.652.891,53	-129.073,26	3.523.818,27
Finance lease receivables	9.3	4.809.385,80		4.809.385,80	2.650.282,94		2.650.282,94
Other receivables within the Group		3.746.382,91	-166.777,64	3.579.605,27	7.964.693,15	-138.120,43	7.826.572,72
Other receivables		573.446.265,03	-6.907.705,83	566.538.559,20	436.041.922,56	-4.582.826,70	431.459.095,86
Total (current)		**1.429.565.277,05**	**-13.001.179,12**	**1.416.564.097,93**	**1.330.323.591,51**	**-15.075.462,25**	**1.315.248.129,26**

As per 31 December 2016, trade and other receivables include an amount of 1.220.215.358,97 EUR relating to receivables towards the public authorities that are within the scope of the Management Contract (financial interventions such as compensation allowances and investment grants), certain financing contracts for investments (REN Fund, Mons station and SPV LLN) and interventions by other third parties. Trade and other receivables (other current receivables) also include 326.839.106 EUR of cash guarantees as part of the Credit Support Annex (CSA) agreements.

9.2 *Trade and other receivables: write downs*

The nominal value of trade and other receivables that is subject to impairment losses amounts to 14.292.245,09 EUR (15.075.462,25 EUR) as per 31 December 2016 (2015). Movements in the provision for impairment of trade and other receivables are as follows:

	2016	2015
Impairment on current trade and other receivables		
At 1 January	**15.075.462,25**	**16.253.509,64**
Charged to impairment	19.531.503,13	2.915.751,18
Use of impairment on irrecoverable receivables that are reversed	-16.938.647,51	-1.790.989,74
Reversal of impairment	-3.376.072,78	-2.302.808,83
At 31 December	**14.292.245,09**	**15.075.462,25**

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

9.3 Finance lease receivables

	Less than 1 year	Between one and five years	More than 5 years	Total
Net investments at 31/12/2016				
Future minimum payments	8.557.694,28	34.230.777,10	122.084.244,97	164.872.716,35
Unearned financial income	-3.748.308,48	-14.251.485,83	-36.993.973,75	-54.993.768,06
Total	**4.809.385,80**	**19.979.291,27**	**85.090.271,22**	**109.878.948,29**
Net investments at 31/12/2015				
Future minimum payments	5.337.561,29	21.753.070,19	109.534.928,64	136.625.560,12
Unearned financial income	-2.687.278,35	-10.908.892,68	-45.128.074,31	-58.724.245,34
Total	**2.650.282,94**	**10.844.177,51**	**64.406.854,33**	**77.901.314,78**

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

The unguaranteed residual values returning to the Company under the finance lease contracts amount to 4.957.998,53 EUR (5.026.781,59 EUR) as at 31 December 2016 (2015).

10 Note 10 – Construction contracts

	Notes	31/12/2016	31/12/2015
Income from construction contracts (for the year)	25.11	34.446.242,24	51.017.824,90
Aggregate amount of costs incurred		87.422.720,32	98.334.366,88
Aggregate amount of recognised profits		932.455,44	774.693,53
Amount of advances received	21	9.326.052,12	14.648.295,01

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

		Note	31/12/2016	31/12/2015
Aggregate amount of:	Costs incurred		82.981.819,90	78.884.239,09
	Recognised profits		59.954,36	61.652,45
Aggregate amount of:	Intermediate invoicing		-79.244.531,93	-47.496.811,98
Transfer from the Trade and other payables			10.298.578,53	
Gross amounts due from customers for construction contracts		9.1	**14.095.820,86**	**31.449.079,56**
	Non-current liabilities	9.1	10.298.578,53	
	Current liabilities	9.1	3.797.242,33	

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'.

		Note	31/12/2016	31/12/2015
Aggregate amount of:	Costs incurred		4.440.900,42	19.450.127,79
	Recognised profits		872.501,08	713.041,08
Aggregate amount of:	Intermediate invoicing		-10.138.575,65	-26.502.742,22
Gross amounts due to customers for construction contracts		21	**4.825.174,15**	**6.339.573,35**

The amount of advances received for the periods ended 31 December 2016 and 31 December 2015 can be detailed as follows:

		Note	31/12/2016	31/12/2015
Advances received			82.300.000,00	78.750.000,00
Transfer to non current trade receivables		9.1	10.298.578,53	0,00
Capitalized interest			2.018.123,06	2.017.773,92
Aggregate amount of:	Costs incurred		-85.290.649,47	-66.119.478,91
Advances received from customers for construction contracts		21	**9.326.052,12**	**14.648.295,01**

11 Note 11 – Derivatives

11.111.1 Derivatives by category

Within the company, the carrying amount of swaps consists of three components:

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

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

Derivatives		31/12/2016		
Assets	Nominal	Fair value adjustments	Accrued income	Total
Derivatives used for cash flow management	-524.022,71	299.868.664,89	0,00	299.344.642,18
Interest rate swaps	-7.862.989,83	273.152.825,75	0,00	265.289.835,92
Currency swaps	7.338.967,12	26.715.839,14	0,00	34.054.806,26
Commodity swaps	0,00	0,00	0,00	0,00
Inflation swaps	0,00	0,00	0,00	0,00
Other derivatives	0,00	0,00	0,00	0,00
Other	0,00	0,00	0,00	0,00
Total (non-current)	-524.022,71	299.868.664,89	0,00	299.344.642,18
Derivatives used for cash flow management	0,00	183.210,58	13.209,00	196.419,58
Interest rate swaps	0,00	0,00	0,00	0,00
Currency swaps	0,00	0,00	0,00	0,00
Commodity swaps	0,00	183.210,58	13.209,00	196.419,58
Inflation swaps	0,00	0,00	0,00	0,00
Other derivatives	0,00	0,00	0,00	0,00
Other	0,00	0,00	0,00	0,00
Total (current)	0,00	183.210,58	13.209,00	196.419,58

Liabilities	Nominal	Fair value adjustments	Accrued income	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

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

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

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

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

12 Note 12 – Other financial assets

12.1 *General information*

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

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

The table below presents the changes in available-for-sale financial assets for the years 2015 and 2016:

	2016	2015
Balance at 1 January	**51.266.028,69**	**51.266.028,69**
Acquisitions	5.873,49	0,00
Disposals	0,00	0,00
Interest income	0,00	0,00
Interest received	0,00	0,00
Transfer to another balance sheet item	0,00	0,00
Au 31 décembre	**51.271.902,18**	**51.266.028,69**
Non-current	51.271.902,18	51.266.028,69
Current	0,00	0,00

In the context of the restructuring of the Eurostation Group on 1 January 2016, the Company has repurchased one share of the companies De Leewe II and Sobru.

13 Note 13 – Inventories

	31/12/2016	31/12/2015
Parts related to the rolling stock	199.406.236,81	181.639.968,00
Materials	9.770.615,35	8.304.702,24
Work in progress	2.112.955,30	2.613.310,56
Finished goods	92.235,52	118.333,89
Carrying value	**211.382.042,98**	**192.676.314,69**
Of which:		
Carrying value expected to be recovered within 12 months	0,00	0,00
Carrying value expected to be recovered in more than 12 months	211.382.042,98	192.676.314,69

The write-downs of inventories in 2016 (2015) amount to 12.817.887,05 EUR (2.316.161,11 EUR) and were recognised as an expense.

14 Note 14 – Cash and cash equivalents

	Note	31/12/2016	31/12/2015
Cash and cash equivalents			
Short-term deposits and commercial paper			294.449.527,71
Cash at bank			116.490.901,85
Cash in hand			2.568.273,30
Total		**0,00**	**413.508.702,86**
Cash and cash equivalents as in the statement of cash flows			
Bank overdrafts	19.1		0,00
Total		**0,00**	**413.508.702,86**

An amount of 3.705.751,06 EUR (2.229.361,35 EUR) relates to companies within the SNCB Group (ICRRL and SPV LLN) as per 31 December 2016 (2015).

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

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

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

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

Non-current assets held for sale at 31 December 2016 are:

	31/12/2016	31/12/2015
Non-current assets held for sale		
Property, plant and equipment	65.779.886,09	29.807.113,91
Investment properties	4.320.715,51	1.384.853,45
Accumulated impairment losses in intangible assets, property, plant and equipment and investment property	-38.262.606,70	-19.357.494,99
Interest in joint ventures and associates	4.949.020,84	0,00
Total	**36.787.015,74**	**11.834.472,37**

The movements of the interests in joint ventures and in associates held for sale are:

	Note	31/12/2016	31/12/2015
Carrying value at 1 January		**0,00**	**10.000.000,00**
Transfer fom trade receivables		0,00	1.566.807,07
Transfer from joint ventures	8.2	3.896.064,62	
Transfer fom/to associates	8.3	1.602.442,23	-9.336.903,60
Disposal Liège Container Terminal		-549.486,01	
Impairment losses			-2.229.903,47
Carrying value 31 December		**4.949.020,84**	**0,00**

In accordance with IFRS 5, as a consequence of the decision of the SNCB in 2016 to give up control over her joint ventures in ATO and in Liège Container Terminal and in associate Terminal Athus, these participations have been transferred to non-current assets held for sale at their net carrying value, namely 5.498.506,85 EUR of which:

ATO:	3.346.578,61 EUR
Liège Container Terminal:	549.486,01 EUR
Terminal Athus:	1.602.442,23 EUR

Immediately after its transfer, the participation in Liège Container Terminal has been sold for the price of 1.100.000 EUR plus a variable part of maximum 200.000 EUR in function of the result of an ongoing dispute, recognised under rights and commitments not reflected in the balance sheet. As a consequence the non-current assets held for sale at 31 December 2016 only include the participations in ATO and Terminal Athus.

The participations held for sale in 2015 concern only B-Logistics. This Company has become an associate after the operation with an investment fund (the participation of the SNCB has been brought back to 31,12% in 2015).

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

	2016	2015
Charged to impairment losses	10.261.421,46	770.813,29
Losses on disposals	-1.009.837,90	-1.779.345,48
Gains on disposals	18.326.511,24	163.568.297,34

Profits and losses of the period are recognised in the statement of comprehensive income under the sections "Other operating income" and "Other operating expenses".

15.3 *Net result of the accounting year of the discontinued operations*

	2016	2015
Impairment losses on investment in B-Logistics		2.229.903,47
	0,00	**2.229.903,47**

Net result (loss) of the discontinued operations in 2015 only relates to B-Logistics.

16 Note 16 – Capital

The evolution of capital is as follows:

	Common shares	Dividend-right share	Total
At 31 December 2015			
CAPITAL			
Number of shares	249.022.345,57	0,00	249.022.346
Subscribed amount	1.053.611.251	20.000.000	1.073.611.251
At 31 December 2016			
CAPITAL			
Number of shares	249.022.345,57	0,00	249.022.346
Subscribed amount	1.053.611.251	20.000.000	1.073.611.251

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

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

The dividend-right shares, in total 20.000.000 shares, are owned for 83,12% (16.624.993 shares) by the Société Fédérale de Participations et d'Investissement (S.F.P.I.).

17 Note 17 - Employee benefits

17.1 *Summary of employee benefits liabilities*

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

	31/12/2016	31/12/2015
Liability in the statement of financial position		
Post-employment benefits	301.130.590,27	272.634.506,70
Other long-term benefits	92.118.625,55	101.791.380,79
Termination benefits	23.162.289,72	26.880.236,57
Short-term benefits (holidays only)	34.926.198,09	53.209.578,23
Total liability in the statement of financial position	**451.337.703,63**	**454.515.702,29**
- current	121.202.901,19	150.720.125,03
- non-current	330.134.802,44	303.795.577,26

17.2 *Description of the employee benefits*

17.2.1 Post-employment benefits

The Company operates following post-employment benefit plans:

1. *Employer contributions to the Social Solidarity Fund*

The retired statutory employees and their dependents (children and spouse) and dependents of deceased employees are covered by the Social Solidarity Fund. This fund is partially financed by the Company. The contribution due by the Belgian Railways is expressed in a percentage of pensions paid.

2. *Hospitalisation insurance*

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

3. *Benefits in case of a work accident*

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

4. *Employer contributions to the union fund*

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

5. *Pension plans*

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

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

17.2.2 Other long-term employee benefits

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

1. Seniority bonuses

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

2. Additional holidays in function of age

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

3. Availability leave

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

4. Credit days

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

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

17.2.3 Termination benefits

The following termination benefits are granted to the employees:

1. *Partial career break*

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

2. *Part-time work*

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

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

17.3 Liabilities relating to employee benefits (excluding short term)

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

	31/12/2016				31/12/2015			
	Post employment benefits	Other long term benefits	Termination benefits	Total	Post employment benefits	Other long term benefits	Termination benefits	Total
Amount recognised in the statement of financial position								
Defined benefit obligation end of period	301.130.590,27	92.118.625,55	23.162.289,72	416.411.505,54	272.634.506,70	101.791.380,79	26.880.236,57	401.306.124,06
Fair value of plan assets end of period	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total	**301.130.590,27**	**92.118.625,55**	**23.162.289,72**	**416.411.505,54**	**272.634.506,70**	**101.791.380,79**	**26.880.236,57**	**401.306.124,06**
Of which : Net liability recognised	*301.130.590,27*	*92.118.625,55*	*23.162.289,72*	*416.411.505,54*	*272.634.506,70*	*101.791.380,79*	*26.880.236,57*	*401.306.124,06*
Of which : Net asset recognised	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*
Of which : Unfunded plans	*301.130.590,27*	*92.118.625,55*	*23.162.289,72*	*416.411.505,54*	*272.634.506,70*	*101.791.380,79*	*26.880.236,57*	*401.306.124,06*
Of which : Integrally or partially funded plans	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*	*0,00*

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

	Notes	31/12/2016 Post employment benefits	31/12/2016 Other long term benefits	31/12/2016 Termination benefits	31/12/2016 Total	31/12/2015 Post employment benefits	31/12/2015 Other long term benefits	31/12/2015 Termination benefits	31/12/2015 Total
Defined benefit cost									
Current service cost		10.146.998,85	45.623.051,86	15.620,85	55.785.671,56	9.728.749,03	48.177.997,82	16.132,15	57.922.879,00
Net interest (*)		6.177.717,48	390.621,36	299.733,72	6.868.072,56	4.577.301,00	54.839,04	209.564,64	4.841.704,68
Remeasurements (other long terme and termination benefits)		-	882.671,52	-1.042.407,57	-159.736,05	-	18.269.630,89	-596.710,55	17.672.920,34
Transfers		-1.556.650,20	-2.066.612,44	-161.557,57	-3.784.820,21	-982.066,40	-1.309.481,42	-25.267,08	-2.316.814,90
Past service cost		0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Curtailment / settlement gain / loss		0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Effect of the asset ceiling		0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total Defined benefit cost		**14.768.066,13**	**44.829.732,30**	**-888.610,57**	**58.709.187,86**	**13.323.983,63**	**65.192.986,33**	**-396.280,84**	**78.120.689,12**
included in									
payroll and related benefits	26	*8.590.348,65*	*44.439.110,94*	*-1.188.344,29*	51.841.115,30	*8.746.682,63*	*65.138.147,29*	*-605.845,48*	73.278.984,44
finance costs	27	*6.177.717,48*	*390.621,36*	*299.733,72*	6.868.072,56	*4.577.301,00*	*54.839,04*	*209.564,64*	4.841.704,68
Included in statement of other comprehensive income		25.174.662,86	-	-	25.174.662,86	-45.998.995,50	-	-	-45.998.995,50

According to IAS 19 revised, actuarial gains and losses on post-employment benefits are recognised in other comprehensive income. Actuarial gains and losses relating to other long-term benefits and termination benefits are recognised in net result.
The amount of premiums paid by the Company in 2016 relating to defined contribution plans amounts to 366.123,58 EUR.

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

Change in defined benefit obligation:

	31/12/2016 Post employment benefits	31/12/2016 Other long term benefits	31/12/2016 Termination benefits	31/12/2016 Total	31/12/2015 Post employment benefits	31/12/2015 Other long term benefits	31/12/2015 Termination benefits	31/12/2015 Total
Defined benefit obligation								
As at 1 January	272.634.506,70	101.791.380,79	26.880.236,57	401.306.124,06	316.219.345,59	87.183.262,02	31.665.252,70	435.067.860,31
Current service cost	10.146.998,85	45.623.051,86	15.620,85	55.785.671,56	9.728.749,03	48.177.997,82	16.132,15	57.922.879,00
Employee contributions	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Past service cost (plan changes and curtailment)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Settlement cost	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Interest cost	6.177.717,48	390.621,36	299.733,72	6.868.072,56	4.577.301,00	54.839,04	209.564,64	4.841.704,68
Actuarial (gains) / losses	25.174.662,86	882.671,52	-1.042.407,57	25.014.926,81	-45.998.995,50	18.269.630,89	-596.710,55	-28.326.075,16
Benefits paid	-11.446.645,42	-54.502.487,54	-2.829.336,28	-68.778.469,24	-10.909.827,02	-50.584.867,56	-4.388.735,29	-65.883.429,87
Transfers	-1.556.650,20	-2.066.612,44	-161.557,57	-3.784.820,21	-982.066,40	-1.309.481,42	-25.267,08	-2.316.814,90
Present value of the obligation at the end of the period	**301.130.590,27**	**92.118.625,55**	**23.162.289,72**	**416.411.505,54**	**272.634.506,70**	**101.791.380,79**	**26.880.236,57**	**401.306.124,06**

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

	31/12/2016 Post employment benefits	31/12/2016 Other long term benefits	31/12/2016 Termination benefits	31/12/2016 Total	31/12/2015 Post employment benefits	31/12/2015 Other long term benefits	31/12/2015 Termination benefits	31/12/2015 Total
Defined benefit obligation as at 31 December								
Liability relative to active members	93.593.092,77	92.118.625,55	23.162.289,72	208.874.008,04	90.423.166,27	101.791.380,79	26.880.236,57	219.094.783,63
Liability relative to pensioners and non-active members (beneficiaries, ...)	207.537.497,50	0,00	0,00	207.537.497,50	182.211.340,43	0,00	0,00	182.211.340,43
Total Defined benefit obligation as at 31 December	**301.130.590,27**	**92.118.625,55**	**23.162.289,72**	**416.411.505,54**	**272.634.506,70**	**101.791.380,79**	**26.880.236,57**	**401.306.124,06**

Change in plan assets:

	31/12/2016				31/12/2015			
	Post employment benefits	Other long term benefits	Termination benefits	Total	Post employment benefits	Other long term benefits	Termination benefits	Total
Fair value of plan assets								
As at 1 January	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**
Return on plan assets	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Employer contributions / benefits paid directly by employer	11.446.645,42	54.502.487,54	2.829.336,28	68.778.469,24	10.909.827,02	50.584.867,56	4.388.735,29	65.883.429,87
Employee contributions	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Benefits paid	-11.446.645,42	-54.502.487,54	-2.829.336,28	-68.778.469,24	-10.909.827,02	-50.584.867,56	-4.388.735,29	-65.883.429,87
Actuarial gains / (losses)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Curtailment / settlement gain / loss	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
As at 31 December	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**

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

	31/12/2016				31/12/2015			
	Post employment benefits	Other long term benefits	Termination benefits	Total	Post employment benefits	Other long term benefits	Termination benefits	Total
Funded status								
Defined benefit obligation as at 1 january	272.634.506,70	101.791.380,79	26.880.236,57	401.306.124,06	316.219.345,59	87.183.262,02	31.665.252,70	435.067.860,31
Fair value of plan assets as at 1 january	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total	**272.634.506,70**	**101.791.380,79**	**26.880.236,57**	**401.306.124,06**	**316.219.345,59**	**87.183.262,02**	**31.665.252,70**	**435.067.860,31**
Unrecognised amount due to effect of the asset ceiling	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Amount recognised in the statement of financial position								
As at 1 January	272.634.506,70	101.791.380,79	26.880.236,57	401.306.124,06	316.219.345,59	87.183.262,02	31.665.252,70	435.067.860,31
Total expense recognised in the profit or loss	14.768.066,13	44.829.732,30	-888.610,57	58.709.187,86	13.323.983,63	65.192.986,33	-396.280,84	78.120.689,12
Actuarial (gains) / losses in other comprehensive income	25.174.662,86	-	-	25.174.662,86	-45.998.995,50	-	-	-45.998.995,50
Employer contributions / benefits paid directly by employer	-11.446.645,42	-54.502.487,54	-2.829.336,28	-68.778.469,24	-10.909.827,02	-50.584.867,56	-4.388.735,29	-65.883.429,87
At the end of the period	**301.130.590,27**	**92.118.625,55**	**23.162.289,72**	**416.411.505,54**	**272.634.506,70**	**101.791.380,79**	**26.880.236,57**	**401.306.124,06**

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

17.4 Split of actuarial gains and losses

The actuarial gains and losses may be split as follows:

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

17.5 Actuarial assumptions and sensitivity analysis

Actuarial assumptions

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

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

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

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

Weighted average duration

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

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

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

Life expectancy at retirement

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

Sensitivity analysis

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

18 Note 18 – Provisions

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

	Legal claims	Environmental provisions	Freight sector	Other provisions	Total
As at 1 January 2015	41.657.702,96	130.005.430,50	72.186.132,60	1.820.318,55	245.669.584,61
Included in statement of comprehensive income	**-1.320.351,27**	**-1.204.157,87**	**-35.762.551,54**	**-533.065,09**	**-38.820.125,77**
Increase of the year	9.815.651,70	5.481.695,68		1.464.454,43	16.761.801,81
Utilization of the year	-2.692.999,69	-1.189.739,28	-11.145.056,46	-1.700.734,10	-16.728.529,53
Decrease fo the year	-8.680.180,56	-3.557.142,35	-25.081.021,83	-296.785,42	-37.615.130,16
Change in discount rate	5.206,26	-2.382.771,00	41.282,62		-2.336.282,12
Unwinding of discount (note 27.2)	231.971,02	443.799,08	422.244,13		1.098.014,23
As at 31 December 2015	**40.337.351,69**	**128.801.272,63**	**36.423.581,06**	**1.287.253,46**	**206.849.458,84**
Of which					
Non-current	5.304.568,44	93.499.040,72	28.350.560,50	820.000,00	127.974.169,66
Current	35.032.783,25	35.302.231,91	8.073.020,56	467.253,46	78.875.289,18

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

The Belgian 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 increase of capital of the SNCB, the increase was done in January 2011 (7,5 Million EURs 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 (Korting) ;

(iii) 85 Million EUR in order to align the cost of the services « Station » and « Driving » to market conditions (Delta Factor Cost).

The provision for legal claims amounts to 116.962.207,74 EUR at 31 December 2016. 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 Company.

19 Note 19 – Financial liabilities

19.1 Financial liabilities

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

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

Financial liabilities		31/12/2016				
		IFRS 7				TOTAL
		Net debt			Other	
		Nominal	Fair value adjustments	Accrued expenses	Other	
Non-current financial liabilities	Notes					
Bank borrowings		1.830.752.795,14	0,00	3.322.256,72	0,00	1.834.075.051,86
Bonds		633.371.743,09	0,00	4.173.331,92	0,00	637.545.075,01
Finance lease liabilities	19.2	12.368.039,15	0,00	0,00	0,00	12.368.039,15
Other financial liabilities		343.056.608,54	50.353.497,93	6.100.192,84	0,00	399.510.299,31
Total		**2.819.549.185,92**	**50.353.497,93**	**13.595.781,48**	**0,00**	**2.883.498.465,33**
Current financial liabilities						
Bank overdrafts	14	0,00	0,00	0,00	0,00	0,00
Bank borrowings		147.033.789,93	0,00	3.413.412,79	0,00	150.447.202,72
Bonds		0,00	0,00	8.197.301,09	0,00	8.197.301,09
Finance lease liabilities	19.2	442.786,65	0,00	59.614,46	0,00	502.401,11
Commercial paper		445.071.113,62	0,00	0,00	0,00	445.071.113,62
Other financial liabilities		217.883.844,48	0,00	2.286.168,19	0,00	220.170.012,67
Total		**810.431.534,68**	**0,00**	**13.956.496,53**	**0,00**	**824.388.031,21**
Total financial liabilities		**3.629.980.720,60**	**50.353.497,93**	**27.552.278,01**	**0,00**	**3.707.886.496,54**

Financial liabilities		31/12/2015				
		IFRS 7				TOTAL
		Net debt			Other	
		Nominal	Fair value adjustments	Accrued expenses	Other	
Non-current financial liabilities	Notes					
Bank borrowings		1.539.669.776,41	0,00	3.044.575,11	0,00	1.542.714.351,52
Bonds		628.291.862,96	0,00	3.990.795,32	0,00	632.282.658,28
Finance lease liabilities	19.2	0,00	0,00	0,00	5.430.607,16	5.430.607,16
Other financial liabilities		346.770.916,74	45.944.119,38	6.767.442,27	0,00	399.482.478,39
Total		**2.514.732.556,11**	**45.944.119,38**	**13.802.812,70**	**5.430.607,16**	**2.579.910.095,35**
Current financial liabilities						
Bank overdrafts	14	0,00	0,00	0,00	0,00	0,00
Bank borrowings		249.633.867,68	0,00	4.116.282,25	0,00	253.750.149,93
Bonds		0,00	0,00	8.242.748,60	0,00	8.242.748,60
Finance lease liabilities	19.2	0,00	0,00	0,00	350.024,11	350.024,11
Commercial paper		580.046.181,73	0,00	0,00	0,00	580.046.181,73
Other financial liabilities		291.362.513,53	1.261.671,60	5.378.731,97	0,00	298.002.917,10
Total		**1.121.042.562,94**	**1.261.671,60**	**17.737.762,82**	**350.024,11**	**1.140.392.021,47**
Total financial liabilities		**3.635.775.119,05**	**47.205.790,98**	**31.540.575,52**	**5.780.631,27**	**3.720.302.116,82**

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

Changes in financial liabilities									
	31.12.2015	New transactions	Payments	Interest expense	Other revenues	Exchange impact	Adjustments to fair value	Impact mergers	**31.12.2016**
Bank overdrafts	**0,00**	0,00	-285,81	285,81	0,00	0,00	0,00	0,00	**0,00**
Bank borrowings	**1.796.464.501,45**	237.000.000,00	-79.855.543,58	28.374.594,51	0,00	2.538.702,20	0,00	0,00	**1.984.522.254,58**
Bonds	**640.525.406,88**	0,00	-13.077.157,72	18.294.126,94	0,00	0,00	0,00	0,00	**645.742.376,10**
Finance lease liabilities	**5.780.631,27**	0,00	-1.744.153,36	1.377.784,86	0,00	0,00	0,00	7.456.177,49	**12.870.440,26**
Commercial paper	**580.046.181,73**	445.000.000,00	-579.426.845,46	0,00	-548.222,65	0,00	0,00	0,00	**445.071.113,62**
Other financial liabilities	**697.485.395,49**	152.024.198,40	-255.062.064,87	20.081.821,47	0,00	6.464.564,11	3.147.706,95	-4.461.309,57	**619.680.311,98**
Total	**3.720.302.116,82**	**834.024.198,40**	**-929.166.050,80**	**68.128.613,59**	**-548.222,65**	**9.003.266,31**	**3.147.706,95**	**2.994.867,92**	**3.707.886.496,54**

The Company concluded one new fixed rate credit in 2016with Eurofima for an amount of 200 million EUR with a term of 7 years. As a part of the restructuring of the Eurostation group at 1 January 2016, the Company took over a long-term lease contract (debts from financial leases). The balance of the new operations, except for issues under the Commercial Paper programme, includes:

- a transfer from one section to the other as a consequence of the reorganization of an operation with Eurofima (37 million EUR);
- transactions with subsidiaries in the framework of "cash-pooling". In application of the decision of the Board of Directors of the Company on "cash-pooling" in 2015, the excess cash of the subsidiaries are no longer externally held with financial institutes or under the form of advances with the Company but on a current account with the Company.

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

Total payments may be subdivided into repayments of the outstanding of existing debts (888.946.209,47 EUR) and interest payments (40.219.841,33 EUR). The balance of the repayments (nominal), except commercial paper, concerns:

- the repayments on the contractual maturity dates;
- the repayments of advances to subsidiaries (cfr. Remark mentioned above).

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

Characteristics of the financial liabilities

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

Characteristics of the financial liabilities	Currency	31/12/2016 Coupon	Final maturity	Nominal (Currency)	Carrying amount (EUR)
Bank overdrafts	EUR	N/A	< 1 year	0,00	0,00
	Total EUR			*0,00*	*0,00*
Total bank overdrafts					**0,00**
Bank borrowings	EUR	Floating	< 1 year	140.519.000,00	140.440.739,30
			1 - 2 years	114.350.000,00	114.346.575,85
			2 - 5 years	163.000.000,00	263.136.766,45
			> 5 years	413.344.692,18	413.362.329,46
		0% - 2%	2 - 5 years	200.000.000,00	200.677.222,22
			> 5 years	371.651.300,00	372.355.342,68
		2% - 4%	> 5 years	415.000.000,00	405.538.024,36
	Total EUR			*1.817.864.992,18*	*1.909.857.000,32*
	USD	4% - 6%	> 5 years	34.588.057,01	34.729.813,76
		6% - 8%	> 5 years	40.794.780,31	39.935.440,50
	Total USD			*75.382.837,32*	*74.665.254,26*
Total bank borrowings					**1.984.522.254,58**
Bonds	EUR	Floating	2 - 5 years	109.000.000,00	109.041.315,83
		Zero Coupon	> 5 years	213.000.000,00	101.736.780,54
		0% - 2%	> 5 years	190.000.000,00	189.512.725,97
		2% - 4%	2 - 5 years	25.000.000,00	25.729.452,31
			> 5 years	100.000.000,00	102.211.011,69
		4% - 6%	2 - 5 years	60.000.000,00	61.544.246,57
			> 5 years	55.000.000,00	55.966.843,19
	Total EUR			*752.000.000,00*	*645.742.376,10*
Total bonds					**645.742.376,10**
Finance lease liabilities	EUR	2% - 4%	> 5 years	7.380.218,64	7.439.833,10
		> 10%	> 5 years	5.430.607,16	5.430.607,16
	Total EUR			*12.810.825,80*	*12.870.440,26*
Total finance lease liabilities					**12.870.440,26**
Commercial paper	EUR	Floating	< 1 year	445.000.000,00	445.071.113,62
	Total EUR			*445.000.000,00*	*445.071.113,62*
Total commercial paper					**445.071.113,62**
Other financial liabilities	EUR	Floating	< 1 year	187.879.244,69	187.879.244,69
		4% - 6%	2 - 5 years	105.475.414,00	105.606.609,09
			> 5 years	72.422.109,06	72.472.231,11
	Total EUR			*365.776.767,75*	*365.958.084,89*
	USD	4% - 6%	> 5 years	68.295.038,55	90.165.553,76
		6% - 8%	< 1 year	31.624.848,18	30.981.382,86
			> 5 years	105.782.637,53	132.575.290,47
	Total USD			*205.702.524,26*	*253.722.227,09*
Total other financial liabilities					**619.680.311,98**
Total financial liabilities					**3.707.886.496,54**

Characteristics of the financial liabilities	31/12/2015				
	Currency	Coupon	Final maturity	Nominal (Currency)	Carrying amount (EUR)
Bank overdrafts	EUR	N/A	< 1 year	0,00	0,00
	Total EUR			*0,00*	*0,00*
Total bank overdrafts					**0,00**
Bank borrowings	EUR	Floating	< 1 year	194.100.000,00	194.151.204,96
			1 - 2 years	85.219.000,00	85.255.435,86
			2 - 5 years	240.350.000,00	240.544.616,03
			> 5 years	380.078.559,87	380.185.547,71
		0% - 2%	2 - 5 years	200.000.000,00	200.643.297,22
			> 5 years	171.651.300,00	171.736.682,61
		2% - 4%	< 1 year	50.000.000,00	51.055.000,00
	Total EUR		> 5 year	415.000.000,00	403.819.601,98
				1.736.398.859,87	*1.727.391.386,37*
	USD	4% - 6%	> 5 years	*32.707.933,59*	*31.681.723,90*
		6% - 8%	> 5 years	39.622.002,10	37.391.391,18
Total bank borrowings	*Total USD*			*72.329.935,69*	*69.073.115,08*
					1.796.464.501,45
Bonds	EUR	Floating	> 5 years	109.000.000,00	109.076.708,96
		Zero Coupon	> 5 years	213.000.000,00	96.741.097,81
		0% - 2%	> 5 years	190.000.000,00	189.454.558,81
		2% - 4%	2 - 5 years	25.000.000,00	25.723.109,34
			> 5 years	100.000.000,00	102.199.624,30
		4% - 6%	2 - 5 years	60.000.000,00	61.442.458,55
			> 5 years	55.000.000,00	55.887.849,11
	Total EUR			*752.000.000,00*	*640.525.406,88*
Total bonds					**640.525.406,88**
Finance lease liabilities	EUR	> 10%	> 5 years	5.780.631,27	5.780.631,27
	Total EUR			*5.780.631,27*	*5.780.631,27*
Total finance lease liabilities					**5.780.631,27**
Commercial paper	EUR	Floating	< 1 year	580.108.540,63	580.046.181,73
	Total EUR			*580.108.540,63*	*580.046.181,73*
Total commercial paper					**580.046.181,73**
Other financial liabilities	EUR	Floating	< 1 year	181.782.090,98	181.782.720,98
		4% - 6%	< 1 year	45.469.734,18	45.556.226,39
	Total EUR		2 - 5 years	42.097.352,78	42.183.850,79
		4% - 6%	> 5 years	127.194.222,05	127.279.884,33
	Total EUR			*396.543.399,99*	*396.802.682,49*
	USD	*4% - 6%*	> 5 years	64.737.800,37	83.216.543,77
		6% - 8%	< 1 year	46.112.167,72	45.147.824,89
			1 - 2 years	35.624.835,49	33.667.016,49
			> 5 years	99.043.922,78	119.157.314,33
		8% - 10%	< 1 year	18.442.540,74	19.494.013,52
	Total USD			*263.961.267,10*	*300.682.713,00*
Total other financial liabilities					**697.485.395,49**
Total financial liabilities					**3.720.302.116,82**

19.2 *Financial liabilities related to finance leases*

Maturities of the finance lease liabilities are as follows:

	Less than one year	Between one and five years	More than five years	Total
Present value of future minimum lease payments - 31/12/2016				
Future minimum lease payments	1.744.153,36	6.976.613,44	23.006.018,38	31.726.785,18
Interest / future finance charges on contracts	-1.241.752,25	-4.050.795,38	-13.563.797,29	-18.856.344,92
Total	**502.401,11**	**2.925.818,06**	**9.442.221,09**	**12.870.440,26**
Present value of future minimum lease payments - 31/12/2015				
Future minimum lease payments	1.489.153,36	5.956.613,44	4.095.171,74	11.540.938,54
Interest / future finance charges on contracts	-1.139.129,25	-3.612.522,02	-1.008.656,00	-5.760.307,27
Total	**350.024,11**	**2.344.091,42**	**3.086.515,74**	**5.780.631,27**

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

In 2015, following an amendment to the Salik long lease contract providing for an adjustment of the long lease, the finance lease debt was recalculated. Therefore, no contingent rent was recognised in the income statement of 2015 under finance lease contracts.

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

20 Note 20 – Deferred tax assets/liabilities

	31/12/2016	31/12/2015
Current taxes		
Current tax receivables		
Current tax debts		
Net position for current taxes	0,00	0,00
Deferred taxes		
Deferred tax assets		
Deferred tax liabilities		
Net position of deferred taxes	0,00	0,00

Movements of the year can be summarised as follows:

	31/12/2016	31/12/2015
Deferred tax assets		
As at 1 January		
Taxes recognised in net result		
Taxes recognised in other comprehensive income		
As at 31 December	0,00	0,00

	Financial statement	
	31/12/2016	31/12/2015
Deferred tax assets		
Tax losses carried forward and fiscal deductions	485.406.217,43	437.018.331,14
Liabilities for employee benefits	48.633.799,98	45.062.550,14
Write down on trade and other receivables		0,00
Financial instruments at fair value	46.854.178,68	40.604.727,45
Provisions		0,00
Gross deferred tax assets	**580.894.196,09**	**522.685.608,73**
Deferred tax liabilities		
Property, plant and equipment and investment property	47.897.534,36	49.821.286,29
Gross deferred tax liabilities	**47.897.534,36**	**49.821.286,29**
Less unrecognized deferred tax assets	-532.996.661,73	-472.864.322,44
Net position of deferred taxes	0,00	0,00

The tax losses and fiscal deductions can be carried forward indefinitely and have no expiry date, except for 8.344.498,49 EUR (2015: 44.264.941,64 EUR) which is recoverable over a limited period of 7 years.

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

21 Note 21 – Trade and other payables

	Notes	31/12/2016	31/12/2015
Non-current trade payables			
Advances received relative to construction contracts	10	9.326.052,12	14.648.295,01
Total		**9.326.052,12**	**14.648.295,01**
Current trade payables			
Suppliers: excluding related parties		306.284.232,10	295.869.512,72
Suppliers: related parties		80.993.695,15	109.096.826,46
Amounts relative to construction contracts	10	4.825.174,15	6.339.573,35
Total		**392.103.101,40**	**411.305.912,53**
Total trade payables		**401.429.153,52**	**425.954.207,54**

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

22 Note 22 – Social debts

	31/12/2015	31/12/2014
Withholding tax	26.604,59	26.293,71
Wages	15.840,93	281,47
Holiday pay	53.522.894,48	55.841.056,70
Other social debts	37.097.972,91	32.311.529,42
Total social debts	**90.663.312,91**	**88.179.161,30**
Of which:		
Social debts that are due (Social Security)	0,00	0,00
Social debts not yet due	90.663.312,91	88.179.161,30

23 Note 23 - Grants

23.1 Investment grants

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

	2016	2015
Investment grants		
As at 1 January	6.104.800.377,68	5.827.274.501,77
New grants	683.971.050,59	627.883.359,68
Allocated to property, plant and equipement and to intangible assets	-351.161.691,81	-350.357.483,77
Balance as at 31 December	**6.437.609.736,46**	**6.104.800.377,68**
Of which		
Non-current	6.071.226.882,70	5.768.246.304,89
Current	366.382.853,76	336.554.072,79

The amount of -351.161.691,81 EUR in 2016 (2015 : -350.357.483,77 EUR) relates the recognition of investment grants in operating result -361.032.561,66 EUR (2015: -358.411.893,49 EUR) and the recomposition of the unamortized grants cancelled due to disposal of subsidised assets 9.870.869,85 EUR (2015: 8.084.409,72 EUR).

23.2 Operating grants

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

	2016	2015
Operating grants to be received		
As at 1 January	384.189.525,50	386.895.311,40
New grants	1.130.259.144,31	1.133.053.141,82
Payments received	-1.141.099.184,73	-1.135.140.927,72
Other movements	-1.800.000,00	-618.000,00
Balance as at 31 December	**371.549.485,08**	**384.189.525,50**

The operating grants include the basic grants (fixed and variable), the grants for security and the fight against terrorism and radicalism as the economic recovery plan.

Following the Royal Decree of December 22, 2016 amending the Royal Decree of December 21, 2013, for the determination of the temporary rules that apply as management contract of Infrabel and the SNCB, as a consequence of the attacks in Paris and Brussels, additional (investment and operating) grants have been assigned to the SNCB by the federal State to cover the costs of specific projects within the framework of the fight against terrorism. For the year 2016, the State has granted a global amount of 9.780.000,00 EUR of which 1.000.000,00 EUR of operating grants and 8.780.000,00 EUR of investment grants.

The acquired grants to compensate the part of the State in the free home-work trips have been recognized in turnover.

23.3 *Financial grants*

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

	2016	2015
Financial grants to be received		
As at 1 January	12.540.907,37	12.968.351,98
New grants	26.858.850,25	27.796.197,72
Payments received	-27.303.306,92	-28.223.642,33
Balance as at 31 December	**12.096.450,70**	**12.540.907,37**

The financial grants include the financial income that are the result of the receivables towards the State within the framework of the pre-financing agreements 'Tekort TGV', of the priority regional projects and the pre-financing of rolling stock. The interests acquired within the framework of the "Back-to-Back"-agreements are not considered as grants.

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

24 Note 24 – Other amounts payable

	Notes	31/12/2016	31/12/2015
Other amounts payable - non current			
Debts to other companies within the Group SNCB		19.245.775,16	2.048.893,42
Funds managed for third parties (Fund REN)	33	149.062.114,21	179.309.600,00
Deferred net fees relating to cross-border arrangements		35.152.445,55	40.001.680,46
Guaranteed deposits		236.107,88	235.859,99
Other liabilities		812.000,00	812.000,00
Total		**204.508.442,80**	**222.408.033,87**
Other amounts payable - current			
Debts to other companies within the Group SNCB		1.882.446,01	17.459.763,87
VAT, taxes and withholding tax to be paid		6.828,75	1.915,57
Funds managed for third parties (Fund REN)	33	75.000.000,00	114.300.000,00
Deferred net fees relating to cross-border arrangements		4.550.021,20	6.589.198,91
Other debts on public authorities		5.369.897,20	7.736.857,69
Guaranteed deposits		43.578.982,00	40.843.354,14
Deffered income		105.199.063,82	104.100.368,44
Accrued expenses		20.592.302,48	68.978.803,50
Other liabilities		21.955.101,25	20.700.778,84
Total		**278.134.642,71**	**380.711.040,96**
Total other amounts payable		**482.643.085,51**	**603.119.074,83**

As per 31 December 2016 total other liabilities of the SNCB relate particularly to debts towards the Belgian State in the context of the REN fund 224.062.114,21 EUR and guaranteed deposits within the framework of CSA 42.300.000,00 EUR.

Deferred income primarily include commissions on cross-border arrangements and income relating to inter-network relations.

The debts relative to the public authorities concern, particularly, the part of the operating grants and the investments grants received within the framework of the antiterrorism measures higher than the real operating and investment costs of the Company.

25 Note 25 – Operating income and expenses

25.1 *Operating income*

25.1.1. Turnover

		31/12/2016	31/12/2015
Marketing & Sales		735.461.694,84	795.268.460,51
B-Technics		112.391.642,82	110.411.086,03
Transport		72.223.804,77	91.124.551,30
Trains		*57.524.898,80*	*58.657.244,00*
Freight Services		*11.428.860,07*	*26.238.525,90*
Other		*3.270.045,90*	*6.228.781,40*
Income from construction contracts	10	34.446.242,24	51.017.824,90
Rentals and energy supply		84.851.975,01	60.704.785,39
Miscellaneous		19.579.269,75	37.824.389,41
Total turnover		**1.058.954.629,43**	**1.146.351.097,54**

25.1.2. Other operating income

	31/12/2016	31/12/2015
Gross commissions on cross-border arrangements	7.146.417,48	10.318.106,95
Gains on sale of property, plant and equipment, investment property and assets held for sale	18.326.511,24	7.005.586,76
Gains following the contribution of a business to THI Factory	3.420.000,00	156.624.210,22
Intervention NS in losses ICZ	14.472.439,00	0,00
Fines and compensation	27.573.742,11	16.380.074,80
Economic recovery NMPS	1.131.596,19	4.209.549,28
Other	5.768.325,61	9.626.689,05
Total other operating income	**77.839.031,63**	**204.164.217,06**

At 31 December 2016, the gains following the contribution of a business to THI Factory concern the contractual foreseen adaptation of the cash payment related to the contribution in THI Factory in 2015. The amount of the cash payment of 32.500.000,00 EUR in 2015 has been adapted in 2016 for the amount of 3.420.000,00 EUR.

The amount of 14.472.439,00 EUR at 31 December 2016 relates to the intervention of the NS in the operational losses of ICZ Brussels-Amsterdam within the framework of the "Samenwerkingsafspraak".

25.2.1 Services and other goods

		31/12/2016	31/12/2015
Infrastructure fee		631.521.124,80	626.526.091,90
Maintenance and repairs / sanitations		84.714.649,40	85.899.466,37
Traction electricity		83.424.562,46	84.590.719,13
ICT costs		62.866.837,41	53.883.594,15
Costs related to investment projects for third parties		33.222.750,58	51.348.380,11
Personnel costs (including HR Rail costs)		44.772.341,47	49.042.522,65
Driving performance, including rental of rolling stock		35.937.070,59	43.387.451,47
Inter-network connections		14.733.392,32	27.168.764,58
Diabolo costs		23.005.520,00	23.327.410,00
Electricity other than traction / supplies		21.259.507,78	20.775.755,96
Consulting		5.085.725,00	17.859.597,57
Commissions		13.632.754,05	16.950.649,80
Public relations		9.772.733,12	10.571.128,80
Insurances and indemnities paid to third parties		9.079.179,53	9.362.387,04
Long term rent and rental charges land and buildings		4.073.965,07	4.426.606,51
Provision for legal claims	18	75.622.937,00	-1.552.322,29
Environmental provisions	18	-5.064.058,81	-1.647.956,95
Provision Freight sector	18	-10.784.375,53	-36.184.795,67
Other provisions	18	-345.157,57	-533.065,09
Miscellaneous		68.681.893,48	65.099.036,94
Total services and other goods		**1.205.213.352,15**	**1.150.301.422,98**

25.2.2 Other operating expenses

	31/12/2016	31/12/2015
Taxes and withholding taxes	3.067.464,26	3.347.007,44
Impairment losses on trade and other receivables, inventories and construction contracts	28.879.307,50	2.926.462,47
Losses on sale of intangible assets, property, plant and equipment, investment property and assets held-for-sale	1.009.837,90	1.783.187,41
Merger Foncière Rue de Fance and purchase activity branch	9.987.631,41	
Other operating expenses	1.392.078,64	1.015.498,42
Total other operating expenses	**44.336.319,71**	**9.072.155,74**

26 Note 26 – Employee benefit expenses

26.1 Employee benefit expenses

	Notes	31/12/2016	31/12/2015
Wages, salaries and other short-term benefits		1.026.095.238,69	1.111.775.084,86
Defined contribution plans	17	366.123,58	342.626,02
Post-employment benefits	17	8.590.348,65	8.746.682,63
Other long-term employee benefits	17	44.439.110,94	65.138.147,29
Termination benefits	17	-1.188.344,29	-605.845,48
Other			
Total employee benefit expenses		**1.078.302.477,57**	**1.185.396.695,32**

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

26.2 Employees headcount

	2016	2015
A. Staff		
Average number of employees (in FTE)		
Blue-collar workers	10.352	11.000
White-collar workers	8.223	8.511
Management	319	325
Costs for the company	1.036.361.664	1.100.028.898
B. Interim personnel		
Average number of employees (in FTE)	N.D.	N.D.
Costs for the company	260.147,04	489.970,47

27 Note 27 – Financial income and expenses

27.1 Financial income

	Note	31/12/2016	31/12/2015
Interest income on			
unimpaired held-to-maturity investments		11.475,00	446.692,42
impaired held-to-maturity investments		0,00	0,00
unimpaired loans and receivables		20.905.790,61	22.634.258,32
impaired loans and receivables		1.131,09	3.148,71
financial assets measured at fair value through profit or loss		3.562.419,36	3.205.659,20
financial assets held for trading		-132.983,58	2.738.551,25
available-for-sale financial assets	12.2	0,00	0,00
Net change in fair value of financial assets designated at fair value through profit or loss		0,00	1.121.487,45
Net change in fair value of financial liabilities designated at fair value through profit or loss		1.261.671,60	4.179.064,00
Net change in fair value of derivatives		47.700.908,11	75.791.700,71
Net change in fair value of available-for-sale financial assets recycled into net result		0,00	0,00
Reversal of impairment on available-for-sale financial assets		0,00	0,00
Reversal of impairment on held-to-maturity investments		0,00	0,00
Reversal of impairment on loans and receivables		0,00	0,00
Gains from foreign exchange differences		16.414.391,68	7.538.622,47
Gain on disposal of loans and receivables		0,00	0,00
Dividends received		5.482.795,64	12.026.631,74
Other financial income		740.374,73	5.929.579,52
Total financial income		**95.947.974,24**	**135.615.395,79**

27.2 *Financial expenses*

	Note	31/12/2016	31/12/2015
Interest expenses on :			
financial liabilities measured at amortised cost		33.168.596,18	36.374.723,46
financial assets liabilities at fair value through profit or loss		6.784.821,40	10.290.174,06
financial liabilities held for trading		24.389.927,23	24.035.421,28
finance lease liabilities		1.377.784,86	1.201.584,08
employee benefit obligations	17.3	6.868.072,56	4.841.704,68
provisions	18	653.190,58	1.098.014,23
Capitalised finance costs		-66.004,62	-153.937,87
Net change in fair value of financial assets designated at fair value through profit or loss		1.777.871,41	685.510,25
Net change in fair value of financial liabilities designated at fair value through profit or loss		4.409.378,55	3.147.763,35
Net change in fair value of derivatives		40.636.127,10	37.638.417,88
Net change in fair value of available-for-sale financial assets recycled into net result		0,00	0,00
Impairment on available-for-sale financial assets	12.2	0,00	0,00
Impairment on held-to-maturity investments		0,00	0,00
Impairment on loans and receivables		1.131,09	3.148,71
Loss on disposal of loans and receivables		0,00	0,00
Losses from foreign exchange differences		15.689.034,13	5.550.235,42
Other financial expenses		3.322.822,25	21.634.522,52
Total financial expenses		**139.012.752,72**	**146.347.282,05**

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

28 Note 28 – Income tax

The table below shows a numerical reconciliation between the theoretical tax amount that would arise using the domestic tax rate (33,99%) and the actual tax expense as included in the statement of comprehensive income for each of the two reporting periods ending 31 December.

31/12/2016	Résultat global
Result before taxes	**-277.872.525,47**
Income taxes calculated based on tax rate of 33,99%	94.448.871,41
Effect of disallowed expenses	-11.563.511,38
Definitively taxed income	1.770.422,13
Other tax-free results	-11.817.704,26
Expired notional interest	-12.209.358,79
Corrections linked to previous fiscal years	-493.183,83
Change in accounting of deferred tax assets	-60.140.693,41
Tax (expense)/income on total comprehensive income	**-5.158,13**
31/12/2015	**Résultat global**
Result before taxes	**177.747.956,91**
Income taxes calculated based on tax rate of 33,99%	-60.416.530,55
Effect of disallowed expenses	-14.112.035,55
Definitively taxed income	4.057.384,95
Other tax-free results	10.584.514,78
Expired notional interest	-27.252.309,97
Corrections linked to previous fiscal years	-3.660.160,34
Change in accounting of deferred tax assets	90.787.317,04
Tax (expense)/income on total comprehensive income	**-11.819,64**

	Note	31/12/2016	31/12/2015
Current taxes through net income		-5.158,13	-11.819,64
Deferred taxes through net income	20		
Deferred taxes through other comprehensive income	20		
Tax (expense)/income on total comprehensive income		**-5.158,13**	**-11.819,64**

29 Note 29 – Contingent assets and liabilities

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

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

30 Note 30 – Additional information on financial instruments

30.1 *Financial assets*

	Classification according to IAS 39	Carrying amount at 31/12/2016	Fair value at 31/12/2016	Carrying amount at 31/12/2015	Fair value at 31/12/2015
Non-current financial assets					
Trade and other receivables	Loans and receivables measured at amortised cost	794.131.733,37	794.131.733,37	785.262.685,60	785.262.685,60
	Loans and receivables designated at fair value through profit or loss	0,00	0,00	0,00	0,00
Derivatives	Financial assets at fair value through profit or loss held for trading	299.344.642,18	299.344.642,18	276.915.944,49	276.915.944,49
Other financial assets	Available-for-sale assets at fair value through equity	51.271.902,18	51.271.902,18	51.266.028,69	51.266.028,69
	Financial assets designated at fair value through profit or loss	112.566.546,52	112.566.546,52	108.311.320,09	108.311.320,09
	Financial assets at fair value through profit or loss held for trading	86.923.913,48	86.923.913,48	77.406.086,58	77.406.086,58
	Financial assets measured at amortised cost	415.320.906,50	494.192.248,09	417.923.594,60	500.191.478,60
Total		**1.759.559.644,23**	**1.838.430.985,82**	**1.717.085.660,05**	**1.799.353.544,05**
Current financial assets					
Trade and other receivables	Loans and receivables measured at amortised cost	1.195.609.838,32	1.195.609.838,32	1.043.796.255,54	1.043.796.255,54
	Loans and receivables designated at fair value through profit or loss	203.790,83	203.790,83	250.692,34	250.692,34
Derivatives	Financial assets at fair value through profit or loss held for trading	196.419,58	196.419,58	39.405.719,19	39.405.719,19
Other financial assets	Available-for-sale assets at fair value through equity	0,00	0,00	0,00	0,00
	Financial assets designated at fair value through profit or loss	253.379,77	253.379,77	20.384.277,98	20.384.277,98
	Financial assets at fair value through profit or loss held for trading	-13.836,13	-13.836,13	-23.322,04	-23.322,04
	Financial assets measured at amortised cost	31.780.697,51	31.855.904,27	32.181.331,91	32.254.555,82
	Financial assets held to maturity measured at amortised cost	0,00	0,00	0,00	0,00
Total		**1.228.030.289,88**	**1.228.105.496,64**	**1.135.994.954,92**	**1.136.068.178,83**

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

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

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

30.2 Financial liabilities

	Classification according to IAS 39	Carrying amount at 31/12/2016	Fair value at 31/12/2016	Carrying amount at 31/12/2015	Fair value at 31/12/2015
Non-current financial liabilities					
Financial liabilities	Financial liabilities measured at amortised cost	2.735.834.501,79	3.114.931.869,16	2.444.170.061,09	2.760.207.962,28
	Financial liabilities designated at fair value through profit or loss	147.663.963,54	147.663.963,54	135.740.034,26	135.740.034,26
Derivatives	Financial liabilities at fair value through profit or loss held for trading	453.524.953,00	453.524.953,00	456.579.639,07	456.579.639,07
Trade and other payables	Financial liabilities measured at amortised cost	0,00	0,00	0,00	0,00
Other liabilities	Financial liabilities measured at amortised cost	166.467.320,84	166.467.320,84	179.545.459,99	179.545.459,99
	Financial liabilities designated at fair value through profit or loss	2.076.676,41	2.076.676,41	2.048.893,42	2.048.893,42
Total		**3.505.567.415,58**	**3.884.664.782,95**	**3.218.084.087,83**	**3.534.121.989,02**
Current financial liabilities					
Financial liabilities	Financial liabilities measured at amortised cost	823.083.069,17	822.942.021,41	1.075.471.288,79	1.076.304.408,87
	Financial liabilities designated at fair value through profit or loss	1.304.962,04	1.304.962,04	64.920.732,68	64.920.732,68
Derivatives	Financial liabilities at fair value through profit or loss held for trading	12.573.763,49	12.573.763,49	34.039.570,89	34.039.570,89
Trade and other payables	Financial liabilities measured at amortised cost	383.776.851,91	383.776.851,91	401.449.436,87	401.449.436,87
Other liabilities	Financial liabilities measured at amortised cost	167.777.660,88	167.777.660,88	269.608.387,70	269.608.387,70
	Financial liabilities designated at fair value through profit or loss	0,00	0,00	0,00	0,00
Total		**1.388.516.307,49**	**1.388.375.259,73**	**1.845.489.416,93**	**1.846.322.537,01**

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

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

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

31 Note 31 – Cross-border arrangements

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

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

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

The company kept the property, plant and equipment on its statement of financial position and did not recognize any gain or loss from the sales transactions to the Trust. This property, plant and equipment relating to cross-border arrangements are primarily the subject of finance lease contracts with companies of the SNCB Group as explained in note 9.3.

The investment accounts (investment of a portion of the proceeds arising from the sale or head lease) and related payment obligations towards the Trust (over the term of the arrangement) are recognised in the Company's consolidated statement of financial position except for investment accounts with Governmental entities or supranational organizations counterparties (or guaranteed by Governmental entities). The investment accounts and the payment obligations not reflected in the balance sheet represent 1.387.342.317,38 EUR (1.586.403.513,45 EUR) as per 31 December 2016 (2015). The investment accounts and related payment obligations towards the Trust are recognised in accordance with IAS 39 as explained in the notes "Other financial assets" and "Financial liabilities". As per 31 December 2016 (2015), 331.515.161,47 EUR (362.163.167,32 EUR) has been recognised as investment accounts. On the other hand, 986.361.122,97 EUR (1.170.422.628,46 EUR) has been recognised with respect to the payment obligations towards the Trust on 31 December 2016 (2015).

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

The fees received from the transactions are recognised in net result on a straight line basis over the duration of the transactions. In 2016 (2015), 7.144.264,71 EUR (10.315.954,19 EUR) was recognised in the operating result. The decrease of the recognized amount of fees is at the same time the result of the contractual end and the early shutdown of certain operations in 2016.

At the end of the initial basic term, the Company 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 Company 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.

32 Note 32 – Rights and obligations

The amount of contractual commitments for the acquisition of property, plant and equipment and investment properties is 582.258.133,73 EUR (664.593.864,22 EUR) as at 31 December 2016 (2015).

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

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

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

Credit lines granted by third parties to the Company amount to 1.513.007.506,22 EUR (1.533.007.506,22 EUR) as at 31 December 2016 (2015).

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

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

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

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

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

The received bank guarantees amount to 448.361.004,07 EUR (276.710.372,25 EUR) as at 31 December 2016 (2015).

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

Investment accounts related to cross-border arrangements that are not recognised in the statement of financial position are shown in note 31.

33 Note 33 – Information on related parties

33.1 Consolidated companies

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

33.2 Relations with the State

33.2.1 Holding interests

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

33.2.2 Management Contract

The Belgian State signed a Management Contract with the Company for the period 2008-2012. In this Management Contract, it is stated that the Company is an essential part of the transportation system in Belgium. It has been entrusted, under a coherent group policy, the mission to ensure that its activities are consistent with the sustainable mobility policy pursued by the Belgian Government and that it contributes to meeting mobility needs.

The implementation of the next management contract is in progress.

The goal of the SNCB:

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

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

The production and sale of goods or services that are directly or indirectly related with the railway activities are particularly supposed to advance the realization or the development of the goal.
The company can also act as a director, as power of attorney, as representative, as liquidator in other companies and businesses.

33.2.3 Services to public administrations

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

33.3 Relations between the companies of the SNCB Group

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

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

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

Grants granted by public authorities are detailed in note 23.

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

33.4.1 Sale of goods and services

These transactions were concluded at normal market condition.

	31/12/2016	31/12/2015
Delivery of services		
Subsidiaries	12.704.884,55	12.592.361,17
Joint ventures	50.070.840,28	50.727.760,87
B-Logistics (associated company)	64.262.937,25	80.296.866,31
Other associates	14.599.590,91	19.757.908,16
Total	**145.827.559,24**	**319.999.106,73**

In addition to sales of the above services, the Company also completed the following transactions in 2016:

- Sale of locomotives T77 to B-Logistics for 2.200.000,00 EUR. This operation has generated a gain of 769.306,25 EUR.
- Sale of 3 cranes to IFB within the framework of the exploitation of the Main-Hub (multimodal terminal) in het harbour of Antwerp for 1.000.000,00 EUR. This sale has not generated a result.
- Contractual adaptation of the gain on the contribution in kind of a business in THI Factory in 2015 for an amount of 3.420.000,00 EUR.

33.4.2 Purchase of goods and services

	31/12/2016	31/12/2015
Purchases of goods		
Subsidiaries	60.563.349,17	109.005.990,92
Joint ventures	31.907,71	201.644,46
B-Logistics (associated company)	1.600.000,00	0,00
Other associates	429.680,33	508.863,62
Purchases of services		
Subsidiaries	126.351.215,28	192.660.544,79
Joint ventures	22.042.860,52	24.910.387,00
B-Logistics (associated company)	7.427.403,39	4.750.525,17
Other associates	47.149.173,49	49.196.291,90
Total	**265.595.589,89**	**381.234.247,86**

These transactions were concluded at normal market conditions.

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

	31/12/2016	31/12/2015
Receivables from related parties		
Subsidiaries	89.431.422,97	38.160.776,13
Joint ventures	12.443.844,59	17.476.947,40
B-Logistics (associate)	102.754.843,58	106.399.938,63
Other associates	16.068.421,06	10.967.414,92
Total	**220.698.532,20**	**173.005.077,08**
Payable to related parties		
Subsidiaries	231.352.838,03	267.152.561,45
Joint ventures	6.698.080,42	2.573.920,39
B-Logistics (associate)	-1.181.092,59	-2.135.826,91
Other associates	121.068.558,74	114.737.747,43
Total	**357.938.384,60**	**382.328.402,36**

These transactions were concluded at normal market conditions.

The receivables from the public authorities are:

	31/12/2016	31/12/2015
Receivables from Public authorities		
Back to Back Operation (in Other financial assets)	231.821.865,50	221.620.746,11
Financing HST	52.373.779,42	53.996.685,85
Financing REN material	406.990.844,15	421.356.730,19
Financing Desiro material	95.258.943,96	99.430.558,37
Funding HLE 18	115.358.904,35	119.545.647,22
Operating grants	376.471.361,05	388.638.352,67
Investment grants	95.119.000,00	16.065.000,00
Investments financed by REN fund	2.139.594,08	11.615.064,28
Station of Mons (Walloon Region)	24.503.099,14	25.015.929,36
SPV LLN	28.028.833,11	32.013.070,13
Recovery Plan	22.957.000,00	34.874.830,38
Grants other third parties	414.360,35	0,00
CEE	599.639,36	0,00
Total	**1.452.037.224,47**	**1.424.172.614,56**

The above table does not include the REN fund recognised as an asset (see note 14) and as a liability (see note 24) for an amount of 224.062.114 EUR in 2016.

33.5 *Relations with key management*

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

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

These above total amounts of compensation provided to the key management include the following elements:

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

Key management compensation is as follows:

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

No loans were granted to key management.

34 Note 34 – Auditors fees

The Company recorded in 2016 (2015) an amount of 324.720,40 EUR (312.521,20 EUR) for auditor fees as part of the statutory audit assignment of the Company and an amount of 2.500 EUR (30.000 EUR) for non-audit services provided by the auditor and associated firms.

These amounts can be broken down as follows:

	31/12/2016		31/12/2015	
	Auditor	Related to the auditor	Auditor	Related to the auditor
Assignments related to the review	324.720,40		312.251,20	
Assignments related to tax consultancy				
Other assignments	2.500,00		30.000,00	
Total	**327.220,40**	**0,00**	**342.251,20**	**0,00**

35 Note 35 – Events after the reporting date

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