

Consolidated annual report 2018



Content

- 1. Consolidated annual report**
- 2. Consolidated financial statements at
31 December 2018**

1. Consolidated annual report

CONSOLIDATED MANAGEMENT REPORT RELATIVE TO CONSOLIDATED ACCOUNTS 2018

The consolidated financial statements of the SNCB Group as of 31 December 2018 have been prepared with respect to the provisions of the IFRS (International Financial Reporting Standards) as adopted by the European Union and published on this date, namely the standards published by the International Accounting Standards Board (IASB) and the interpretations published by the IFRIC (International Financial Reporting Interpretations Committee).

The consolidated financial statements with their notes to the accounts, which include all the information required under IFRS, can be found in the annexes.

I. SCOPE OF THE CONSOLIDATION

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

Evolution of the scope of consolidation

	31/12/2013	31/12/2014	31/12/2015	31/12/2016	31/12/2017	31/12/2018
Parent company	1	1	1	1	1	1
Fully consolidated companies	33	21	15	12	11	9
Companies consolidated in accordance with the equity method	25	21	17	16	12	12
TOTAL	59	43	33	29	24	22

The changes in the scope of consolidation during the 2018 financial year are:

- SNCB sold one share in Publifer (representing 0.08% of the capital) to B-Parking.
- SNCB's Board of Directors approved the merger by acquisition of its subsidiary Eurostation (consolidated in accordance with the global method), with effect from 1 July 2018 for tax and accounting purposes. Prior to this merger:
 - Eurostation absorbed its subsidiary SOBRU with retroactive effect to 1 January 2018;
 - SNCB repurchased the Eurostation share from B-Parking (representing 0.03% of the capital) that it had sold to the latter at the start of January 2018.

- B-Parking sold its 51.83% stake in Blue Mobility outside the Group. This company, which was fully consolidated, therefore fell outside the scope of consolidation.
- Deutsche Bahn withdrew from the shareholdership of Thalys International and sold its 10 shares (representing 10% of the capital), including one share to SNCB and one share to Railtour, increasing the SNCB Group's percentage of control in Thalys International from 28% to 30%.

II. CONSOLIDATED FINANCIAL STATEMENTS 2018

II.A. BALANCE SHEET

ASSETS

<i>In millions of €</i>	<u>31/12/2018</u>	<u>31/12/2017</u>	<u>Change</u>
<u>Non-current assets</u>	<u>9.795,9</u>	<u>9.766,4</u>	<u>29,5</u>
Intangible assets	217,4	218,8	-1,4
Property, plant and equipment	7.046,3	7.035,4	10,9
Investment property	464,6	431,5	33,2
Interests under equity method	409,0	380,5	28,5
Trade and other receivables	719,1	757,4	-38,4
Derivatives	267,6	254,3	13,3
Other financial assets	658,7	667,5	-8,7
Deferred tax assets	13,1	20,9	-7,8
<u>Current assets</u>	<u>1.854,6</u>	<u>2.061,2</u>	<u>-206,6</u>
Inventories	217,7	211,4	6,3
Trade and other receivables	1.337,4	1.451,0	-113,6
Derivatives	0,1	0,3	-0,1
Other financial assets	7,8	9,7	-1,9
Cash and cash equivalents	291,6	388,8	-97,2
<u>Non-current assets held for sale</u>	<u>47,9</u>	<u>29,8</u>	<u>18,1</u>
TOTAL ASSETS	11.698,4	11.857,4	-159,0

The total consolidated assets of the SNCB Group on 31 December 2018 represent an amount of €11,698.4 million, or a change of €-159.0 million (-1.3%) compared to year-end 2017. SNCB represents 96.2% of the total consolidated assets, and even 99.7% excluding interests under equity method.

Non-current assets (€9,795.9 million) represent 83.7% of total assets, i.e.:

- ❖ €7,728.3 million (78.9% of non-current assets) relating to *intangible and tangible fixed assets and investment properties* of which 99.7% originate from the parent company.

Investments made at SNCB in 2018 amounted to €426.9 million¹, including €167.0 million to purchase and renovate rolling stock, €112.6 million for passenger reception, €89.0 million to construct and fit out workshops, and €58.4 million for other investments (including IT and buildings). The investments by the parent company were financed by capital subsidies, except €10.9 million financed with equity. Annual amortisations and impairment losses of SNCB's assets amount to €425.6 million; In addition, trade and other receivables of Eurostation (construction contracts from 2017) were reassigned in 2018 to the Group's tangible fixed assets and investment properties, for €40.7 million.

- ❖ €409.0 million (4.2% of non-current assets) relating to the share in equity of *interests under equity method*, companies in which SNCB has a significant influence yet without exercising control, including THI Factory (€262.8 million), Eurofima (€107.9 million), Lineas Group (€16.5 million) and HR RAIL (€12.1 million). The change compared to the previous financial year (+€28.5 million) is primarily accounted for by THI Factory (+€21.0 million), Lineas Group (+€2.7 million) and the transfer to this item of the equity value of Terminal Athus (€2.7 million) in 2018.
- ❖ €1,658.5 million (17.0% of non-current assets) relating to *trade and other receivables, derivative financial instruments, other financial assets and deferred tax assets* including €615.5 million relating to state intervention, €600.5 million in debt management investments, €267.6 million in hedging financial instruments, and €94.7 million in long-term lease finance receivables.

Current assets (€1,854.6 million) represent 15.9% of total assets and are made up in particular of cash and cash equivalents (€291.6 million), State receivables (€585.3 million), collateral received in the context of derivative financial instruments (€313.9 million), trade receivables due within one year (€175.0 million) and VAT to be recovered (€99.7 million). The €206.6 million decrease since the previous financial year is primarily due to €-72.6 million of trade receivables from Eurostation from 2017, which were reassigned in 2018 as tangible fixed assets, investment properties and non-current assets held for sale, €-59.5 million of payments to finance the work under the RER Fund, €-39 million of cash from SNCB, €-25.5 million of receivables towards the NS relating to the collaboration contract, concerning the operational losses of the Brussels-Amsterdam IC, and €-4.5 million as the impact of the application of the new IFRS 9 standard from 1 January 2018, which provides for a new depreciation model for financial assets based on the assessment of expected credit losses.

Non-current assets classified as being held for sale (€47.9 million or 0.4% of total assets) increased by €18.1 million, mainly +€21.8 million in tangible assets (of which €31.9 million of trade and other receivables of Eurostation from 2017 reassigned under this item in 2018), €-2.7 million of the equity value of Terminal Athus, which is included under the item 'Interests under equity method' from 2018, and €-1.1 million following the sale of Blue Mobility by B-Parking.

¹ Excluding the M7 reserved amount of €184.0 million and the repayment of the loan for LLN of €4.0 million

LIABILITIES

<i>In millions of €</i>	<u>31/12/2018</u>	<u>31/12/2017</u>	<u>Change</u>
Equity	<u>-239,4</u>	<u>-256,8</u>	<u>17,4</u>
<u>Non-current liabilities</u>	<u>10.361,0</u>	<u>10.210,5</u>	<u>150,6</u>
Employee benefit obligations	329,4	326,1	3,3
Provisions	167,9	163,1	4,8
Financial liabilities	2.770,5	2.824,6	-54,1
Derivatives	402,0	396,2	5,8
Deferred tax liabilities	1,8	1,9	0,0
Trade and other payables	32,9	20,5	12,4
Grants	6.599,0	6.340,3	258,7
Other amounts payable	57,6	137,9	-80,3
<u>Current liabilities</u>	<u>1.576,8</u>	<u>1.903,3</u>	<u>-326,5</u>
Employee benefit obligations	121,6	123,4	-1,8
Provisions	81,9	95,1	-13,1
Financial liabilities	233,9	512,4	-278,5
Derivatives	12,9	10,4	2,5
Current tax payables	3,7	0,4	3,4
Trade and other payables	385,5	407,7	-22,2
Social debts	95,4	92,7	2,7
Grants	373,2	369,7	3,4
Other amounts payable	268,6	291,5	-22,9
<u>Liabilities associated with non-current assets held for sale</u>	<u>0,0</u>	<u>0,4</u>	<u>-0,4</u>
TOTAL LIABILITIES	11.698,4	11.857,4	-159,0

Consolidated equity is negative, at €-239.4 million. Compared to 2017, equity increased by €17.4 million, primarily due to the SNCB Group's €22.0 million profit for the year and the €-4.5 million impact on equity as of 1 January 2018 of the first application of IFRS 9.

Non-current liabilities amount to €11,937.8 million, or €-175.9 million compared to the previous financial year. This change is mainly observed for:

- ❖ €-140.2 million attributable to SNCB, primarily including + €262.1 million in capital subsidies relating to the financing of intangible and tangible assets, €+8.3 million in derivative hedging financial instruments, €-331.2 million in changes in financial debt, €-59.5 million in debt reduction towards the State in the context of the RER Fund, €-16.7 million in collateral paid in the context of the Credit Support Annex with financial institutions, and €-8.1 million in commissions on alternative financing transactions.
- ❖ €-35.7 for the *other Group companies*, mainly including €-14.4 million relating to Eurogare.

II.B. INCOME STATEMENT

<u>In millions of €</u>	<u>31/12/2018</u>	<u>31/12/2017</u>	<u>Change</u>
<u>Cash result</u>	<u>63,4</u>	<u>59,2</u>	<u>4,2</u>
<u>recurring</u>	<u>57,0</u>	<u>51,4</u>	<u>5,6</u>
SNCB	50,7	58,1	-7,4
Group Eurostation	3,0	-7,8	10,8
Ypto	1,9	0,2	1,7
Eurogare	-1,6	-1,9	0,3
Other entities	3,0	2,7	0,2
<u>non-recurring</u>	<u>6,4</u>	<u>7,8</u>	<u>-1,4</u>
<u>Non-cash result</u>	<u>-68,1</u>	<u>15,4</u>	<u>-83,5</u>
SNCB	-65,9	13,9	-79,8
Group Eurostation	-1,1	2,4	-3,5
Ypto	-0,7	1,0	-1,7
Eurogare	2,5	2,1	0,4
Other entities	-2,9	-4,1	1,2
<u>Share of profit of investments accounted for using the equity method</u>	<u>26,8</u>	<u>27,1</u>	<u>-0,3</u>
THE GROUP'S SHARE IN THE INCOME	22,0	101,6	-79,6

*The 2018 income of the Eurostation Group includes Eurostation income from 01/01/2018 to 01/07/2018.

Cash results (recurring + non-recurring) amounted to €+63.4 million, an improvement of €4.2 million compared to 2017, of which primarily:

- ❖ €-8.8 million for SNCB, mainly including:
 - €+39.9 million in turnover (essentially generated by domestic traffic)
 - €+27.9 million in operating grants
 - €-15.6 million in internally generated fixed assets
 - €+12.5 million in other operating income, including €+14.0 million in capital gains on the realisation of tangible assets
 - €-11.9 million due to increases in purchase of raw materials and goods for resale
 - €-52.4 million due to increases in services and other goods, including a €-29.2 million infrastructure fee
 - €-11.8 million due to an increase in employee benefit expenses

SNCB's non-recurring cash results of €6.4 million for 2018 include €3.6 million following the application of the addendum to the collaboration contract with NS concerning the Brussels-Amsterdam IC.

- ❖ €+10.8 million for the first 6 months of Eurostation. In 2017, Eurostation's turnover fell sharply.
- ❖ €+1.7 million for Ypto.

The change in **non-cash results** (€-83.5 million) is primarily due to SNCB (€-79.8 million), including €-29.4 million in fair value adjustments on financial instruments, €-20.5 million in miscellaneous provisions, €-7.8 million in deferred taxes and €-3.3 million in write-downs on receivables and inventories.

The change in the **share of results of investments accounted for using the equity method** amounts to €-0.3 million, including €+7.4 million for THI Factory (from €+14.4 million in 2017 to €+21.8 million in 2018) and €-7.4 million for Lineas Group (from €+10.0 million in 2017 to €+2.6 million in 2018).

II.C. ECONOMIC DEBT

Economic debt is:

- ❖ net financial debt, namely
 - the debt contracted with financial institutions;
 - plus finance lease debts;
 - minus cash investments and cash equivalents as well as back-to-back receivables with the State in the context of debt assumption on 1 January 2005;
- ❖ plus the balance of investment grants paid by the State for which the investments still need to be made;
- ❖ plus or minus the balance of receivables and trade and other payables;
- ❖ plus or minus the collateral received or paid in the context of the Credit Support Annex;
- ❖ plus or minus the co-financing, namely the financial balance of investments made by SNCB for the account of other public authorities, and
- ❖ minus net receivables relating to operating subsidies.

<u>In millions of €</u>	31-12-2018	31-12-2017	Δ
Net financial debt	2.202,1	2.495,0	-292,9
Investment grants paid by the State for the works still to be carried out	718,8	542,7	176,1
Working capital (trade receivables/-payables + State interventions for the exploitation)	-271,2	-281,9	10,7
CSA-guarantees	-304,2	-282,8	-21,4
Co-financing	-0,7	-13,9	13,2
Economic debt	2.344,8	2.459,0	-114,2

Significant events after year-end

No significant event impacting the financial statements of SNCB Group was observed after year-end on 31 December 2018.

Indications regarding the circumstances that might have a significant influence on the Group's development

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

In addition, it should be noted that a new management contract has not yet been concluded with the State at the present time. The preparatory work to draw up a new management contract between SNCB and the government is being finalised. As well as SNCB's obligations, the management contract will also lay down the contribution that SNCB will receive for its public service missions with respect to investments and operating funds, together with its offering and commercial and pricing policy.

In the meantime, the 2008-2012 management contract has been extended and provisional rules for management contracts have been set by the Royal Decree of 3 February 2019. This Royal Decree provisionally sets the contribution that SNCB will receive for the 2016-2020 period for its public service missions in terms of investments and operating funds. Furthermore, subsidies were granted to SNCB by this Royal Decree for the 2016-2020 period, to cover the cost of specific projects pertaining to the fight against terrorism and radicalism.

In addition, SNCB will also receive part of the "virtuous billion" from the State, which will be used to finalise the RER projects as soon as the RER Fund is exhausted, and to make strategic investments in the Regions. These investments are the subject of the 2018-2031 Multi-Annual Strategic Investment Plan.

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

Article 119 of the Companies Code lays down the content of the management report relating to the consolidated financial statements. However, in its last paragraph, this article states that (translation) *"the management report of the consolidated accounts may be combined with the management report drawn up pursuant to Article 96 to constitute a single report, provided that the prescribed indications are given separately for the consolidating company and for the consolidated group."*

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

With particular reference to the use of derivative financial instruments, we refer to the notes annexed to the annual financial report, which include all the statements and information required by the IFRS 9 and IFRS 7 standards.

2. Consolidated financial statements at 31 December 2018

I. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The first-time application of the new IFRS 9 standard as of 1 January 2018 impacts the evaluation of financial assets and the recognition of changes in fair value of the financial debts designated by SNCB Group as valued at fair value. IFRS 9 also introduces a new depreciation model based on the expected credit losses impacting equity on 1 January 2018. The information for the year 2017 has not been restated and is in accordance with IAS 39 “Financial instruments: recognition and measurement”. The information for the year 2018 is conform to the IFRS 9 standard. For more details, see the notes 2. Capital management, 9. Trade and other receivables, 12. Other financial assets and 32. Additional information on financial instruments.

Assets

		31/12/2018	31/12/2017
	Notes		
Non-current assets			
Intangible assets	5	217.374.724,52	218.821.781,55
Property, plant and equipment	6	7.046.336.594,85	7.035.447.362,19
<i>A. Land</i>		780.224.213,98	781.709.906,78
<i>B. Buildings</i>		1.093.186.728,97	955.556.378,10
<i>C. Railway infrastructure</i>		71.884.153,97	64.388.444,19
<i>D. Railway rolling stock</i>		3.609.370.276,84	3.745.803.465,07
<i>E. Plant and various equipment</i>		296.778.221,76	235.496.210,76
<i>F. Tangible fixed assets under construction</i>		1.194.892.999,33	1.252.492.957,29
Investment property	7	464.629.917,21	431.471.730,07
Interests under equity method	8	409.002.904,46	380.476.344,14
Trade and other receivables	9	719.084.379,17	757.437.430,59
Derivatives	11	267.618.898,36	254.304.610,26
Other financial assets	12	658.718.038,40	667.461.221,45
Deferred tax asset	22	13.106.475,11	20.942.917,37
Subtotal of non-current assets		9.795.871.932,08	9.766.363.397,62
Current assets			
Inventories	13	217.705.065,03	211.414.844,16
Trade and other receivables	9	1.337.391.811,88	1.450.964.796,03
Derivatives	11	144.142,75	260.629,50
Other financial assets	12	7.825.612,03	9.730.480,41
Cash and cash equivalents	14	291.561.419,83	388.808.810,99
Subtotal of current assets		1.854.628.051,52	2.061.179.561,09
Non-current assets held for sale			
Non-current assets held for sale	15	47.908.292,79	29.818.367,45
TOTAL ASSETS		11.698.408.276,39	11.857.361.326,16

Equity and liabilities

		31/12/2018	31/12/2017
	<u>Notes</u>		
Equity			
Share capital	17	249.022.345,57	249.022.345,57
Consolidated reserves	18	-490.823.414,40	-508.308.200,09
Group equity		-241.801.068,83	-259.285.854,52
Non-controlling interests		2.402.930,07	2.519.792,82
Total equity		-239.398.138,76	-256.766.061,70
Non-current liabilities			
Employee benefit obligations	19	329.380.494,06	326.074.301,22
Provisions	20	167.880.343,71	163.100.065,76
Financial liabilities	21	2.770.466.556,09	2.824.593.342,95
Derivatives	11	402.000.234,35	396.158.368,07
Deferred tax liabilities	22	1.841.312,10	1.858.544,34
Trade and other payables	23	32.870.060,80	20.480.477,84
Grants	25	6.598.985.195,89	6.340.313.170,77
Other amounts payable	26	57.595.883,27	137.872.029,13
Subtotal of non-current liabilities		10.361.020.080,27	10.210.450.300,08
Current liabilities			
Employee benefit obligations	19	121.604.864,42	123.444.735,57
Provisions	20	81.942.261,55	95.082.781,78
Financial liabilities	21	233.898.747,82	512.380.638,38
Derivatives	11	12.903.845,39	10.425.729,66
Current tax payables		3.744.193,71	361.377,59
Trade and other payables	23	385.510.542,51	407.684.426,42
Social debts	24	95.363.874,55	92.653.586,76
Grants	25	373.170.603,68	369.736.480,50
Other amounts payable	26	268.647.401,25	291.535.977,78
Subtotal of current liabilities		1.576.786.334,88	1.903.305.734,44
Liabilities associated with non-current assets held for sale			
Liabilities associated with non-current assets held for sale	15	0,00	371.353,34
Total liabilities		11.937.806.415,15	12.114.127.387,86
TOTAL EQUITY AND LIABILITIES		11.698.408.276,39	11.857.361.326,16

II. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		31/12/2018	31/12/2017
CONTINUING OPERATIONS			
	<i>Notes</i>		
Operating income before investment grants			
Turnover	27	1.140.975.826,78	1.115.506.638,17
Operating grants	25	1.216.136.951,13	1.188.327.555,99
Internally generated fixed assets		217.820.570,71	220.993.218,20
Other operating income	27	53.977.597,23	37.524.769,35
Total of operating income before investment grants		2.628.910.945,85	2.562.352.181,71
Operating expenses before depreciation and impairment			
Purchase of raw materials and goods for resale		-108.864.580,60	-100.886.106,30
Services and other goods	27	-1.259.426.604,36	-1.189.279.997,74
Employee benefit expenses	28	-1.150.603.355,38	-1.147.205.206,00
Other operating expenses	27	-28.588.320,87	-26.339.723,06
Total of operating expenses before depreciation and impairment		-2.547.482.861,21	-2.463.711.033,10
Operating result before investment grants, depreciation and impairment		81.428.084,64	98.641.148,61
Investment grants	25	376.005.342,30	381.081.184,90
Depreciation and impairment	5, 6, 7 & 15	-428.613.955,00	-431.554.514,11
Operating result		28.819.471,94	48.167.819,40
Financial income	29	63.963.715,25	118.620.515,82
Financial expenses	29	-93.734.159,65	-117.435.087,83
Net financial result		-29.770.444,40	1.185.427,99
Share of net result of entities accounted for using the equity method	8	26.785.460,43	27.138.731,50
Net result from continuing operations before tax		25.834.487,97	76.491.978,89
Income taxes	30	-11.263.329,75	19.502.290,06
Net result from continuing operations		14.571.158,22	95.994.268,95
NET RESULT FOR THE YEAR		14.571.158,22	95.994.268,95
Other comprehensive income for the year :			
That will not be reclassified subsequently to profit or loss			
Actuarial gains and losses	19	4.926.363,26	4.346.032,77
Tax relating to other comprehensive income		1.708.061,68	1.424.011,88
Share of other comprehensive income of entities accounted for using the equity method	8	112.613,26	-36.518,32
Own credit risk		1.759.922,44	0,00
Fair value adjustment Other financial assets		-619.733,86	0,00
Subtotal of other comprehensive income for the year that will not be reclassified subsequently to profit or loss		7.887.226,78	5.733.526,33
That will be reclassified subsequently to profit or loss when specific conditions are met			
Share of other comprehensive income of entities accounted for using the equity method	8	-150.313,58	2.807,11
Subtotal of other comprehensive income for the year that will be reclassified subsequently to profit or loss when specific conditions are met		-150.313,58	2.807,11
Total other comprehensive income for the year		7.736.913,20	5.736.333,44
TOTAL COMPREHENSIVE INCOME		22.308.071,42	101.730.602,39
		31/12/2018	31/12/2017
Net result for the year attributable to			
Shareholders of the Group		14.308.245,54	95.892.311,92
Non-controlling interests		262.912,68	101.957,03
		14.571.158,22	95.994.268,95
Total comprehensive income attributable to			
Shareholders of the Group		22.045.158,74	101.628.645,36
Non-controlling interests		262.912,68	101.957,03
		22.308.071,42	101.730.602,39

III. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the shareholders of the Group				Total equity
	Share Capital	Consolidated reserves	Total	Non-controlling interests	
At 1 January 2017	249.022.345,57	-609.636.846,55	-360.614.500,98	2.981.209,00	-357.633.291,98
Net income 2017		95.892.311,93	95.892.311,93	101.957,03	95.994.268,96
Other comprehensive income 2017		5.736.333,43	5.736.333,43		5.736.333,43
Dividend paid to non-controlling interests			0,00	-7.927,50	-7.927,50
Change in the consolidation scope - out			0,00	-555.445,07	-555.445,07
Other variations of equity		-300.000,00	-300.000,00		-300.000,00
Rounding		1,10	1,10	-0,64	0,46
At 31 December 2017	17 & 18 249.022.345,57	-508.308.200,09	-259.285.854,52	2.519.792,82	-256.766.061,70
At 1 January 2018	249.022.345,57	-508.308.200,09	-259.285.854,52	2.519.792,82	-256.766.061,70
Impact of change in accounting policies (IFRS 9)		-4.438.168,94	-4.438.168,94	-53.805,07	-4.491.974,01
Restated equities at 01/01/2018	249.022.345,57	-512.746.369,03	-263.724.023,46	2.465.987,75	-261.258.035,71
Net income 2018		14.308.245,54	14.308.245,54	262.912,68	14.571.158,22
Other comprehensive income 2018		7.736.913,20	7.736.913,20		7.736.913,20
Dividend paid to non-controlling interests			0,00	-7.927,50	-7.927,50
Change in the consolidation scope		-122.204,27	-122.204,27	-318.042,86	-440.247,13
Rounding		0,16	0,16		0,16
At 31 December 2018	17 & 18 249.022.345,57	-490.823.414,40	-241.801.068,83	2.402.930,07	-239.398.138,76

The amount of -4.491.974,01 EUR is the impact on the SNCB Group's equity on 1 January 2018 of the first application of the IFRS 9 *Financial Instruments* standard. According to this standard, from 1 January 2018, a new depreciation model for the financial assets is applicable. It is based on the assessment of the expected credit losses that must be recognized in advance at the recognition of the asset: impact of -4.491.974,01 EUR on 1 January 2018 directly via the net results carried forward of which -3.785.806,55 EUR for the SNCB, -652.362,39 EUR for the subsidiaries and -53.805,07 EUR for the non-controlling interests.

In 2018, the changes in the consolidation scope concern mainly the sale of 51,83% in Blue Mobility with an impact of -144.112,29 EUR on the SNCB Group's consolidated reserves and of -318.554,02 EUR on the non-controlling interests.

IV. CONSOLIDATED STATEMENT OF CASH FLOWS

	31/12/2018	31/12/2017
	<i>Notes</i>	
CASH FLOW FROM OPERATING ACTIVITIES		
Net result of the period	14.571.158,22	95.994.268,95
Adjustments for		
Depreciation and impairment on property, plant and equipment, intangible assets, investment property and non-current assets held for sale	5,6,7 & 15 427.453.557,70	434.444.813,62
Write-down on inventories, impairment losses on trade and other receivables	9.2 & 13.2 16.153.738,24	9.571.092,80
Changes in fair value of financial derivatives	11.2 750.707,86	-18.185.354,43
Changes in fair value of and impairment losses on other financial assets and financial liabilities	-694.318,76	-11.335.867,02
(Gains) / losses on disposal of property, plant and equipment, intangible assets, investment property and non-current assets held for sale	15.2 -12.585.122,87	-6.756.868,63
(Gains) / losses on disposal of subsidiaries and interests under equity method	27.1.2 0,00	-3.921,79
Fees on cross-border arrangements recognised in net result	27.1.2 -8.333.990,60	-4.805.928,43
Provisions	27.2.1 & 29.2 -5.059.376,32	-22.780.057,07
Employee benefits	6.392.684,95	-734.439,33
Investment grants recognised in net result	25.1 -376.005.342,30	-381.081.184,90
Net of interest income and expenses	29 34.000.755,76	32.823.317,63
Share of net result of entities accounted for using the equity method	8.2 & 8.3 -26.785.460,43	-27.138.731,50
Income taxes	30 11.263.329,75	-19.502.290,06
Exchange differences	2.334.726,36	2.471.651,84
Gross cash from operating activities	83.457.047,56	82.980.501,68
Change in net working capital		
Inventories	-18.195.842,98	-26.734.692,60
Trade and other receivables	98.986.950,60	50.177.874,32
Trade and payables, social debts and other amounts payable	-101.720.373,63	-26.750.320,28
	-20.929.266,01	-3.307.138,56
Cash generated from operating activities before taxes	62.527.781,55	79.673.363,12
Taxes paid	-1.654.107,88	-3.350.987,70
NET CASH FROM OPERATING ACTIVITIES	60.873.673,67	76.322.375,42

		31/12/2018	31/12/2017
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment, intangible assets and investment property		-434.978.324,16	-519.975.528,41
Acquisition of financial assets		-25.172.000,63	-76.640.102,57
Acquisition of interests		0,00	-6.981.520,17
Acquisition of interests under equity method		-40.000,00	0,00
Proceeds from disposal of subsidiaries		0,00	7.765.817,73
Investment grants received		607.309.570,89	728.354.463,17
Proceeds from disposal of property, plant and equipment and intangible assets, investment property and non-current assets held for sale		28.851.164,50	16.904.278,00
Proceeds from disposal of other financial assets		39.788.129,46	32.058.349,47
Proceeds from disposal of interests under equity method		0,00	1.171.298,40
Interest received		63.743.664,47	69.823.893,98
Dividends received		2.769.284,60	311.923,20
NET CASH FROM INVESTING ACTIVITIES		282.271.489,13	252.792.872,80
CASH FLOW FROM FINANCING ACTIVITIES			
Increase financial liabilities	21.1	40.124.162,66	441.021.610,89
Redemption of financial liabilities	21.1	-385.165.628,86	-586.420.744,44
Redemption / net payment of financial derivatives	11.2	-2.421.750,30	-1.687.945,50
Interests paid	21.1, 11.2 & 26	-92.914.269,51	-97.742.867,99
Dividends paid		-7.927,50	-7.927,50
NET CASH FROM FINANCING ACTIVITIES		-440.385.413,51	-244.837.874,54
(DECREASE) / INCREASE IN CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS		-97.240.250,71	84.277.373,68
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE BEGINNING OF THE YEAR (note 14)		388.808.810,99	306.101.935,80
(Decrease) / increase in cash, cash equivalents and bank overdrafts		-97.240.250,71	84.277.373,68
Exchange differences		-65.615,66	-20.047,84
Transfer to non-current assets held for sale	15	58.475,21	-1.550.450,65
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR (note 14)		291.561.419,83	388.808.810,99

GENERAL INFORMATION

Activities

Amongst all companies included in the consolidation of the SNCB Group, SNCB alone represents 96,17% of the assets at 31 December 2018 (95,56% at 31 December 2017) and - 16.490.619,02 EUR (74.115.818,96 EUR) of the consolidated net result (Group share) on a total of 14.308.245,54 EUR (95.892.311,92 EUR) of the consolidated net result (Group share) at 31 December 2018 (31 December 2017). The difference of 30.710.876,51 EUR results mainly from the share in the net result of entities accounted for using the equity method of 26.785.460,43 EUR (as of 21.801.561,55 EUR for THI Factory).

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 of the rolling stock used for the tasks as mentioned above;
- services that must be provided for the needs of the Nation;
- the acquisition, designing, construction, renovation, maintenance and management of the stations, the unmanned stops and its appurtenances;
- the preservation of the historical heritage concerning rail operations;
- security and surveillance tasks in the field of railways;
- other public services demanded by or mandatory by law.

Legal status

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

Financial statements

The consolidated financial statements as at 31 December 2018, prepared in accordance with IFRS standards, have been approved by the Management Board of SNCB on 26 April 2019. All figures in this document are expressed in euros (EUR), 2 decimals, except if otherwise indicated.

Accounting policies

Except for the new applicable standards and amendments, the accounting policies have been applied uniformly from one year to the next and throughout the SNCB Group. The consolidated financial statements are prepared using uniform accounting principles for transactions and other similar events within the SNCB Group.

Management Board

The Management Board of SNCB is composed as follows:

Fontinoy Jean-Claude 2019	President of the Board until 13 October
Dutordoir Sophie	Managing Director
Boelaert Filip	Board member
Cloquet Jean-Jacques	Board member until 13 October 2019
Delwart Valentine	Board member until 7 February 2018
Descheemaecker Marc	Board member until 13 October 2019
Durez Martine	Board member
Goldstein Yves	Board member
Glautier Laurence until 13 October 2019	Board member from 23 February 2018
Gosselin Ermeline	Board member until 13 October 2019
Lauwers Kris	Board member until 13 October 2019
Jeurissen Isabelle	Board member until 13 October 2019
Lorand Renaud	Board member until 12 January 2018
Schatteman Saskia	Board member until 13 October 2019
Sterckx Dirk	Board member until 13 October 2019
Van Camp Bart	Board member

Auditors

Auditors of SNCB are:

KPMG Réviseurs d'entreprises SCRL represented by Patrick De Schutter

BDO Réviseurs d'entreprises SCRL represented by Felix Fank

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Summary of the significant accounting policies	22
Note 2 - Capital management	42
Note 3 - Critical accounting estimates and significant judgements	64
Note 4 - Consolidation scope of the SNCB Group	68
Note 5 - Intangible assets	71
Note 6 - Property, plant and equipment	74
Note 7 - Investment property	77
Note 8 - Interests under equity method	80
Note 9 – Trade and other receivables	85
Note 10 – Assets and liabilities resulting from contracts with customers	88
Note 11 - Derivatives	90
Note 12 - Other financial assets	93
Note 13 - Inventories	95
Note 14 - Cash and cash equivalents	97
Note 15 - Non-current assets classified as held for sale and discontinued operations	98
Note 16 – Business combinations	101
Note 17 - Share capital	101
Note 18 - Consolidated reserves	102
Note 19 - Employee benefits	103
Note 20 - Provisions	109
Note 21 - Financial liabilities	111
Note 22 - Deferred tax assets/liabilities	116
Note 23 - Trade and other payables	118
Note 24 - Social debts	119
Note 25 - Grants	120
Note 26 - Other amounts payable	122
Note 27 - Operating income and expenses	124
Note 28 - Employee benefit expenses	127
Note 29 - Financial income and expenses	128
Note 30 - Income tax	129
Note 31 - Contingent assets and liabilities	130
Note 32 – Additional information on financial instruments	131

Note 33 - Cross-border arrangements	135
Note 34 - Rights and obligations	137
Note 35 - Information on related parties	139
Note 36 - Auditors fees	142
Note 37 - Events after the reporting date	143

Note 1 - Summary of the significant accounting policies

1.1 Basis for preparation and statement of compliance with IFRS

The consolidated financial statements of the SNCB Group as per 31 December 2018 have been prepared in accordance with “IFRS” (International Financial Reporting Standards) as adopted by the European Union and that have been published at that date, namely the standards published by the International Accounting Standards Board (“IASB”) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

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

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

The new standards and amendments to standards are mandatory as from the financial year beginning on 1 January 2018 and have been approved by the European Union:

- IFRS 9 ‘*Financial instruments*’. The standard covers the recognition, classification and derecognition of financial assets and liabilities as well as hedge accounting which does not apply to the SNCB Group. The standard is applicable within the SNCB Group as from 1 January 2018. It impacts the evaluation of financial assets and the recognition of changes in fair value of the financial debts designated by SNCB Group as valued at fair value. IFRS 9 also introduces a new model of impairment based on the expected credit losses impacting the equity on 1 January 2018 for -4,5 M€. The information for the year 2017 has not been restated and is in accordance with IAS 39 “Financial instruments: recognition and measurement”. The information for the year 2018 is conform to the IFRS 9 standard. For further information we refer to notes 2. Capital management, 9. Trade and other receivables, 12. Other financial assets and 32. Additional information on financial instruments.
- IFRS 15 ‘*Revenue from contracts with customers*’ which will result in a better financial reporting of revenue from contracts with customers and will improve the comparability of the revenue reported in the financial statements. It replaces and cancels the standards (IAS 18 ‘*Revenue*’ and IAS 11 ‘*construction contracts*’) and the existing interpretations of revenue recognition. It is mandatory to be applied as from 1 January

2018 as well as its amendments. The basic principle of the new standard is to recognize the revenue representing the transfer of goods or services to the customer and so, for an amount which reflects the payment that the Group expects to receive as compensation for these goods or services. The new standard improves the information that should be delivered in the notes, it provides a guideline for the transactions which weren't fully treated before (e.g. the changes of the contract) and it improves the general provisions for multiple-element arrangements. The application of IFRS 15 has led to the identification of multiple performance obligations within one and the same contract. In contrast to IAS 11 where the complete contract was taken into account, under IFRS 15, each performance obligation is considered as a kind of subcontract ("unit of account") for which the timing of the revenue recognition has to be determined. The net balance of the incurred costs and the intermediate invoices for performances ending on closing date are, based on IFRS 15, taken into the profit & loss account. We have applied IFRS 15 from the date of entry into force conform to the modified retrospective approach. Its application has no significant impact on the SNCB Group. We refer to the concerning note of the consolidated financial statements as per 31 December 2018.

Several other new standards, amendments to standards and interpretations which became mandatory for the first time as from the financial year beginning on 1 January 2018 were not integrated in these consolidated financial statements because they either do not apply or are not significant for the consolidated financial statements of the SNCB Group.

The new standards and amendments to the following standards were published and approved by the European Union and are mandatory for the financial year beginning on 1 January 2019:

- IFRS 16 'Leases'. This standard replaces standard IAS 17 and introduces significant changes in the accounting of lessees. It requires the lessee to recognize a lease liability that reflects future lease payments and a 'right-of-use asset' for almost all lease contracts. For lessors, the accounting treatment remains almost exactly the same, but the update of the definition of a financial lease and the guideline for combining and separating of contracts might have an impact. With the exclusion of short-term lease contracts and the lease contracts of low value the SNCB Group plans to recognize the assets and liabilities related to the lease contracts for an amount of 31,0 M€ on 1 January 2019. The increase of the operating result before capital grants, depreciations and impairment of the SNCB Group are estimated at 8,6 M€, since the payments of operational leases were recognized before in the operating result before capital grants, depreciations and impairment and the depreciation of a right-of-use-asset and the interests on the liabilities of the lease contract are excluded from this operating result. As a result of the classification of the refund of the lease obligation into the cash flow from financing activities, the cash flow from operating activities should increase with the same estimated amount.

The SNCB Group applies this standard as from 1 January 2019 by choosing for the modified retrospective approach as transition method for IFRS 16, in other words, the comparative information will not be restated in the consolidated financial statements 2019. In addition, the SNCB Group will make use of the practical expedient which is available during the transition to IFRS 16, in other words, not to verify whether an existing contract is or contains a lease. Therefore, the definition of a lease contract

according to IAS17 and its interpretations will remain applied for the lease contracts signed or modified before 1 January 2019.

- IFRIC 23 '*Uncertainty over income tax treatments*'. This interpretation has to be applied for the determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments under IAS12. An entity has to determine if it is likely that the competent tax authority will accept the fiscal treatment it uses or is planning to use in its tax declaration. The SNCB Group might be impacted by this interpretation. The impact of its application in the consolidated financial statements is currently being evaluated.

Several other amendments to standards will be effective for the financial years beginning after 1 January 2018 and were not integrated here since they are not material or do not apply to the consolidated financial statements of the SNCB Group.

The equity of the SNCB Group at 31 December 2018 amounts to -239.398.138,76 EUR. The consolidated financial statements have been established based on the assumption of going concern of the main activities of the SNCB Group. The SNCB Group has the possibility to make use of a guarantee of the Belgian State of maximum 1.138 million EUR (the SNCB Group did not use this State guarantee and has currently no intention to use to this guarantee). On 20 November 2018, Moody's confirmed the long-term rating of the SNCB Group of A1 with a "stable" and short-term perspective of P-1. Standard & Poor's confirmed the long-term rating of A with a "stable" perspective and confirmed the short-term rating of A-1 as of 12 January 2018. Finally, the Board of Directors of 29 March 2019 approved the financial planning of 2019 in which no financing problems appear. We also note that the investment grants (6.972.155.799,57 EUR at 31 December 2018), that cover almost all the investments of the SNCB Group, are booked as liabilities according to IFRS.

1.2 Consolidation

1.2.1 Subsidiaries

The assets, liabilities, rights and obligations, income and expenditure of the SNCB and the subsidiaries over which it exercises control are included in the consolidated financial statements according to the full consolidation method. There is control when the entity holds the power on the company (it has the existing rights that give the current ability to direct the relevant activities of the company), when the entity is exposed or has the right to variable returns from its involvement with the company and when it can affect those returns through its power over the company. This control is deemed to exist where the SNCB Group holds more than half of the voting rights, but this presumption can be refused if there is material evidence to the contrary. In determining if there is control, the existence of potential voting rights that can be exercised or that are immediately convertible are considered. The aspect “controlling” has been judged according to IFRS 10.

A subsidiary is consolidated from the acquisition date, i.e. the date on which control is transferred to the acquiring party. From that time, the parent company (the acquirer) includes total comprehensive income of the subsidiary in the total consolidated comprehensive income and includes the assets, liabilities and contingent liabilities acquired at fair value, including any goodwill resulting from the acquisition, in the consolidated statement of financial position. A subsidiary ceases to be consolidated from the time at which the SNCB Group ceases to hold control. In case of loss of control of a subsidiary, its assets and liabilities are derecognised from the consolidated financial statements, the investment retained in the former subsidiary is recognised at its fair value at the date of the loss of control and the gain or loss associated with the loss of control is recognised in profit or loss.

Business combinations under common control are treated according to the antecedent accounting method.

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

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

1.2.2 Jointly controlled entities and associates

Entities over which the SNCB Group exercises joint control together with one or more parties pursuant to a contractual arrangement with those parties, as well as associate holdings over which the SNCB Group exercises significant influence without exercising control, are accounted for under the equity method. If the entity directly or indirectly holds 20% to 50% of the voting rights of a company, it is presumed to exercise a significant influence but this presumption can be refused if there is material evidence to the contrary.

At the initial recognition, the interest in an associate or in a joint venture is accounted for at cost, then, the carrying amount is increased or decreased to account for the entity's share in the company's net income after the acquisition date. The share of the entity in the company's net income is recorded in the entity's net income.

1.2.3 Goodwill and negative consolidation differences

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

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

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

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

1.2.5 Non-controlling interests

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

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

1.3 Foreign currency transactions

The financial statements of each entity of the SNCB Group are presented in the currency of the economic environment in which the entity is performing its activities (the operating currency). The consolidated financial statements of the SNCB Group are expressed in the operating currency of the parent companies, being Euro, which is the presentation currency of the consolidated financial statements. Transactions in foreign currencies are recorded in the operating currency of the entities, using the exchange rates at the time of the transaction. Exchange gains and losses from the settlement of such operations and from the conversion of monetary assets and liabilities denominated in foreign currency at the foreign exchange rate at the closing date are included in net result.

1.4 Intangible assets

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

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

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

The initial cost of intangible assets:

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

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

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

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

Amortisation starts when the asset is ready for use.

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

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

1.5 Property, plant and equipment

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

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

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

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

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

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

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

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

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

Concessions in the stations are recognised as intangible assets.

1.6 Leases

1.6.1. Cross-border arrangements

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

1.6.2. Leases for which the Company is the lessee

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

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

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

1.6.3. Leases for which the Company is the lessor

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

The financial revenues are recognised on a straight-line basis over the lease term. Each lease payment decreases the principal amount of the receivable and the amount of accrued financial income.

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

1.7 Investment properties

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

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

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

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

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

1.8 Interests under equity method

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

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

1.9 Impairment losses

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

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

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

An annual impairment test should be performed if goodwill is allocated to a CGU or if there are indications there has been an impairment loss. If no goodwill is allocated to the CGU, an impairment test should only be performed if there are indications there has been an impairment loss. Goodwill acquired as part of a business combination is allocated to the acquired

subsidiaries and, as the case may be, to the CGUs that are expected to benefit from the synergies resulting from the business combination.

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

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

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

1.10 Inventories

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

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

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

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

1.11 Trade and other receivables

Receivables are initially measured at their nominal value and, after initial recognition, at their amortised cost.

Receivables are measured individually. Impairment losses are recognised when cash recovery of a receivable is doubtful or uncertain in its entirety or a portion thereof. For trade and other receivables within the scope of IFRS 9 the general impairment model is applicable. It consists of estimating the expected losses over a one-year period. In order to assess the level of expected losses on its financial assets, the Group has adopted a method based on either the rating of the counterparties, the payment history or the estimated riskiness depending on the legal status of the counterparty.

The recognition of credit losses according to IFRS 9 is based on the following principles: SNCB Group uses the simplified approach for receivables without a significant financing component and contract assets as defined by IFRS 15. The simplified approach consists of the immediate recognition of the lifetime expected credit losses of the asset. For trade and other receivables (other than lease receivables) within the scope of IFRS 9, the SNCB Group determines the provision to be recognised for each receivable on the basis of the probability of default according to the following rules:

- any receivable for which cash recovery is doubtful or uncertain, in its entirety or a portion thereof is considered “as being in default”. A reimbursement might still be possible after the term but considering the low probability, an impairment of 100% is recognized;
- to make the allowance evolve according to the aging of the receivable, probabilities of default are determined for different time buckets;
- probabilities of default are measured on the basis of the payment history over the preceding two years excluding the receivables recorded over the preceding year in order not to influence the measured probabilities.

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

1.12 Derivatives

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

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

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

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

1.13 Other financial assets

The other financial assets include investments in equity instruments of companies over which the SNCB Group exercises neither an authority nor significant influence and the receivables with interests (fixed income investments, deposits and Back to Back transactions with the State).

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

Other financial assets are classified into different categories based on:

- the SNCB Group's business model for managing financial assets; and
- the contractual cash flows characteristics of the financial asset.

In accordance with its financial policy, the SNCB Group applies a business model whose objective is to hold financial assets in order to collect contractual cash flows. The occasional sale before maturity of financial assets does not affect the classification of the remaining assets. The financial policy explicitly prohibits the execution of transactions whose sole objective consists of reversing them at short-term to generate a profit.

Financial assets whose cash flows pass the "SPPI" test (Solely Payment of Principal and Interests) are recognized at amortised cost with the exception of financial assets for which the SNCB Group has intentionally chosen to designate them as being measured at fair value through profit or loss at initial recognition. Financial assets whose cash flow don't pass the "SPPI" test are measured at fair value through other comprehensive income.

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

Equity investments' fair value is determined based on the most appropriate financial criteria to each company's particular situation. Criteria generally used are the market value or the share in the equity and the profitability forecasts when the market value is not available. The equity instruments' fair value for which no market value exists, is classified in Level 3 of the hierarchy of valuation as defined in IFRS 13. The fixed income investments' fair value is valued using market data and the discounted cash flow method based on the yield curves and credit spreads of individual securities issuers. The fair value of these investments is classified as level 1 (market value) and 2 (other market data) of the hierarchy of valuation as defined in IFRS 13.

For financial assets not recognized at fair value through net result, the SNCB Group recognizes credit loss allowances according to the general approach as defined by IFRS 9. The objective of the general approach is to recognize a credit loss allowance equal to 12-month expected credit losses. This allowance is calculated as of the initial recognition onwards.

For debt instruments a credit allowance is recognized upon initial recognition of the asset according to their probability of default at that point in time. For assets with a rating, the probability of default will be based on the rating. If there is no rating for the asset, the SNCB Group will determine its probability of default using economic indicators, indicators of the counterparty's financial health and market knowledge.

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

1.14 Cash and cash equivalents

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

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

1.15 Non-current assets held for sale

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

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

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

1.16 Discontinued operations

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

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

1.17 Share capital, share premium account

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

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

1.18 Debts for employee benefits

1.18.1. Short-term employee benefits

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

1.18.2. Post-employment benefits

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

Post-employment benefits can be subdivided into two categories:

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

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

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

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

1.18.3. Other long-term employee benefits

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

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

1.18.4. Termination benefits

Termination benefits are benefits payable as a result of the decision of the SNCB Group to terminate an employee’s employment (or of a group of employees) before the normal

retirement date, or an employee's decision (or of a group of employees) to accept voluntary redundancy of the SNCB Group in exchange for those benefits.

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

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

1.19 Provisions

A provision is only recognised if:

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

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

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

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

Provisions for future operating losses are forbidden.

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

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

1.20 Financial liabilities

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

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

1. Financial debts valued at fair value through profit or loss include the financial debts that are classified by the SNCB Group on a voluntary basis in this category upon initial recognition.
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 as long-term, except these who expire within 12 months which are classed as short-term.

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

Pursuant to IFRS 9, the own credit risk component, proper to the SNCB Group, of the fair value adjustment of the financial liabilities is recorded in other comprehensive income instead of in net result.

1.21 Income taxes – Deferred tax assets / liabilities

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

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

Nonetheless, there are no deferred taxes on:

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

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

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

1.22 Trade and other payables

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

1.23 Social debts

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

1.24 Grants

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

Operating grants, to the extent that it is certain that they will be received, are systematically recognized in operating result under the heading "Operating result before investment grants" on the basis of their nominal value over the period necessary to match them with the related costs. An operating grant received as a compensation of a cost or losses already incurred or to provide an immediate financial support without related future costs are recognized as income for the period in which they were received. Operating grants received before the associated conditions are fulfilled, are presented as liabilities in the statement of financial position.

Financial grants received to cover loans are systematically recognized in the financial result on the basis of their nominal value over the period necessary to match them with the related financial costs. Financial grants are deducted from the financial expenses. Financial grants received before the associated conditions are presented as liabilities in the statement of financial position.

1.25 Other amounts payable

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

The dividends that the SNCB Group distributes to its shareholders are accounted for under "Other amounts payable" in the financial statements during the period in which they were authorised by their shareholders. Deferred income, i.e. the portion of income that is collected ahead of time during the current financial year or during previous financial years but which

relates to a subsequent financial year with the exception of those relating to derivatives and to financial liabilities, is also recorded under 'Other amounts payable'.

1.26 Operating income and operating expenses

Under IFRS 15, revenues are recognized when the control of goods or services is transferred to customers. Revenues are evaluated based on the consideration that the SNCB Group expects to receive in a contract with a customer and exclude the money collected on behalf of third parties.

For the most important revenue sources of the SNCB Group, turnover will continue to be recognized when the customer receives and consumes the benefits offered during the delivery of the service by the group, i.e.: for transportation services, the transfer of control takes place at the time the travel service is rendered. Payment of the transaction price is instantly due the moment the customer receives the service.

For the other contracts (construction, assets management and other), revenues will continue to be recognized over time on the basis of the completion method.

Revenues and costs associated with construction contracts are recognised respectively in revenue or charges depending on the degree of completion and the estimated end margin. In case of expected negative margin, a charge is recorded for the estimated loss. The degree of completion is determined by the ratio between incurred costs for work performed until the date taken in consideration and the estimated costs of the contract. The balances of assets and liabilities arising from contracts with customers (as defined by IFRS 15) reflect the degree of completion and the advances received from customers. The contract balances are presented in the consolidated financial statements of the SNCB Group in the note "Assets and liabilities arising from contracts with customers".

Revenues from the sale of goods are recognized when the performance obligations are fulfilled, this is when the group transfers the control of the good to the customer. More specifically, revenue recognition follows the following approach in 5 steps:

- identification of contracts with a customer
- identification of performance obligations in contracts
- determination of the transaction price
- allocation of the transaction price to the performance obligations in the contract
- recognition of the revenue when the performance obligation is satisfied

Revenues from the sale of goods are valued at the amount that reflects the best estimate of the expected consideration in exchange for such goods. Contracts with customers do not include trade discounts, volume discounts, or other forms of variable considerations.

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

1.27 Financial income and financial expenses

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

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

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

1.28 Rights and obligations

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

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

1.29 Cash flow statements

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

Note 2 - Capital management

2.1 Capital management

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

Net debt level and economic debt

The SNCB Group defines its net debt as:

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

Total net debt is as follows as at 31 December 2018 and 2017:

<i>Net debt</i>		31/12/2018	31/12/2017
Line item	<u>Notes</u>		
Derivatives	11	148.892.283,93	41.262.573,46
Other financial assets	2.1	597.246.017,13	602.726.292,51
Subtotal of non-current assets		746.138.301,06	643.988.865,97
Derivatives	11	0,00	0,00
Other financial assets	2.1	7.355.198,37	9.373.802,23
Cash and cash equivalents	2.1	170.252.085,64	208.000.918,63
Subtotal of current assets		177.607.284,01	217.374.720,86
Total assets		923.745.585,07	861.363.586,83
Financial liabilities	21	2.717.837.244,85	2.772.341.639,75
Derivatives	11	186.947.345,83	84.353.249,20
Subtotal of non-current liabilities		2.904.784.590,68	2.856.694.888,95
Financial liabilities	21	221.026.325,52	499.711.517,19
Derivatives	11	0,00	-83.408,53
Subtotal of current liabilities		221.026.325,52	499.628.108,66
Total liabilities		3.125.810.916,20	3.356.322.997,61
Net debt		2.202.065.331,13	2.494.959.410,78
Change in net debt		-292.894.079,65	

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

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

The reconciliation of the net debt position and the economic debt of at December 31, 2018 and 2017 is presented as follows:

<i>Economic debt</i>	31/12/2018	31/12/2017
Net debt	2.202.065.331,13	2.494.959.410,78
Regional cofinancings	-748.403,29	-13.910.301,12
Unused received investment allow ances PSF	718.848.768,42	542.675.631,30
Net balance of trade debts and receivables	206.027.271,01	217.398.434,80
Net balance of acquired operating grants PSF	-477.179.122,20	-499.280.003,74
Net balance of collateral (CSA)	-304.167.049,29	-282.839.368,00
Total of economical corrections	142.781.464,65	-35.955.606,76
Economic debt	2.344.846.795,78	2.459.003.804,02

Reconciliation of net debt with the balance sheet items

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

- Other financial assets:

<i>Other financial assets</i>		31/12/2018					
		Nominal	Fair value adjustments	Accrued income	Assets managed on behalf of third parties	Other	
Non-current	Notes						
Receivables		330.504.254,86	1.864.681,08	7.561.173,61	0,00	0,00	339.930.109,55
Back-to-back		266.741.762,27	0,00	780.137,89	0,00	0,00	267.521.900,16
Equity instruments	12	0,00	0,00	0,00	0,00	51.266.028,69	51.266.028,69
Total non-current		597.246.017,13	1.864.681,08	8.341.311,50	0,00	51.266.028,69	658.718.038,40
Current							
Receivables		7.355.198,37	0,00	476.741,34	0,00	0,00	7.831.939,71
Back-to-back		0,00	0,00	-6.327,68	0,00	0,00	-6.327,68
Equity instruments	12	0,00	0,00	0,00	0,00	0,00	0,00
Total current		7.355.198,37	0,00	470.413,66	0,00	0,00	7.825.612,03
Total other financial assets		604.601.215,50	1.864.681,08	8.811.725,16	0,00	51.266.028,69	666.543.650,43

<i>Other financial assets</i>		31/12/2017					
		Nominal	Fair value adjustments	Accrued income	Assets managed on behalf of third parties	Other	
Non-current	Notes						
Receivables		347.247.999,95	3.552.873,50	8.554.976,42	0,00	0,00	359.355.849,87
Back-to-back		255.478.292,56	0,00	741.316,47	0,00	0,00	256.219.609,03
Equity instruments	12	0,00	0,00	0,00	0,00	51.885.762,55	51.885.762,55
Total non-current		602.726.292,51	3.552.873,50	9.296.292,89	0,00	51.885.762,55	667.461.221,45
Current							
Receivables		9.373.802,23	0,00	363.669,88	0,00	0,00	9.737.472,11
Back-to-back		0,00	0,00	-6.991,70	0,00	0,00	-6.991,70
Equity instruments	12	0,00	0,00	0,00	0,00	0,00	0,00
Total current		9.373.802,23	0,00	356.678,18	0,00	0,00	9.730.480,41
Total other financial assets		612.100.094,74	3.552.873,50	9.652.971,07	0,00	51.885.762,55	677.191.701,86

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

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

– Cash and cash equivalents:

<i>Cash and cash equivalents</i>		31/12/2018					
		Net debt			Others		TOTAL
		Nominal	Fair value adjustments	Accrued income	Assets managed on behalf of third parties	Others	
Commercial Paper		0,00	0,00	0,00	0,00	0,00	0,00
Short-term deposits		1.329.212,77	0,00	370,05	121.255.251,51	0,00	122.584.834,33
Cash at bank		166.918.730,87	0,00	0,00	9,08	0,00	166.918.739,95
Cash in hand		2.004.142,00	0,00	0,00	0,00	53.703,55	2.057.845,55
Total cash and cash equivalents		170.252.085,64	0,00	370,05	121.255.260,59	53.703,55	291.561.419,83

Cash and cash equivalents	31/12/2017					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	0,00	0,00	0,00	180.743.277,62	0,00	180.743.277,62
Cash at bank	205.548.636,83	0,00	0,00	9,08	0,00	205.548.645,91
Cash in hand	2.452.281,80	0,00	0,00	0,00	64.605,66	2.516.887,46
Total cash and cash equivalents	208.000.918,63	0,00	0,00	180.743.286,70	64.605,66	388.808.810,99

The assets managed on behalf of third parties consist of investments made by the RER Fund on behalf of the Belgian State. The RER Fund was created by the Belgian State in 2001 to finance the infrastructure works for the creation of a “Regional Express Network” (Réseau Express Régional, RER). The management of these assets was transferred to the ex-SNCB Holding through the 2005-2008 Management Contract. All the assets for which management was transferred to the SNCB are considered by the SNCB Group as a debt towards public authorities (recorded as “Other amounts payable”). In compliance with the law of December 21, 2013 containing various tax and financial requirements (articles 113 to 121), the available assets of the RER fund held on a bank account of an institution designated by the State, were immediately invested at the Public Treasury or invested in financial instruments issued by the Federal State.

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

2.2 Financial risk management

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

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

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

Debt management

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

Debt management, taking into account derivatives, require that:

- whenever possible, the reimbursements of net debt are based on expected changes in future cash flows in order to level and reduce cash balances.
- long term net debt of the SNCB Group must be contracted for minimum 75% and maximum 90% through fixed rate instruments and for minimum 10% and maximum 25% through floating rate instruments. Every exceed to these maximum thresholds must be approved by the Management board.
- the weighted residual maturity of long-term debt of the SNCB Group is fixed at a minimum of 5 years.
- debt maturities are spread over time, in terms of liquidity as well as in terms of interest rate risk.
- any debt operation, even a short-term one, that generates a currency risk, must be converted immediately and fully in EUR to eliminate currency risk on principal and interest.
- the cash flows of each financial liability or investment are composed solely of principal and interest on the principal. The investments in risk-bearing capital are not allowed.
- the investment limits are respected for investment transactions.

Treasury management

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

Main items of treasury management:

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

Derivatives operations

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

Main items of management of operations on derivatives:

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

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

Instruments that do not meet the definition of financial instruments

The analyses in this note are limited to instruments that meet the definition of financial instruments: "Assets (such as prepaid expenses) for which the future economic benefit is the receipt of goods or services rather than the right to receive cash or another financial asset, are not financial assets" (IAS 32 - AG11). "Non-contractual liabilities or assets (such as income taxes resulting from government-mandated legal requirements) are not financial liabilities or financial assets" (IAS 32 - AG12). The totals of the headings in the tables in this note are therefore not necessarily reconcilable directly with the balance sheet headings.

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

	31/12/2018		Total
	IFRS 7	Not IFRS 7	
Financial assets			
Trade and other receivables	1.814.164.088,91	242.312.102,14	2.056.476.191,05
Derivatives	267.763.041,11	0,00	267.763.041,11
Other financial assets	666.543.650,43	0,00	666.543.650,43
Cash and cash equivalents	291.561.419,83	0,00	291.561.419,83
Total financial assets	3.040.032.200,28	242.312.102,14	3.282.344.302,42
Financial liabilities			
Financial liabilities	3.004.365.303,91	0,00	3.004.365.303,91
Derivatives	414.904.079,74	0,00	414.904.079,74
Trade and other payables	378.072.567,15	40.308.036,16	418.380.603,31
Other amounts payable	165.763.832,67	160.479.451,85	326.243.284,52
Total financial liabilities	3.963.105.783,47	200.787.488,01	4.163.893.271,48

	31/12/2017		Total
	IFRS 7	Not IFRS 7	
Financial assets			
Trade and other receivables	1.877.576.202,54	330.826.024,08	2.208.402.226,62
Derivatives	254.565.239,76	0,00	254.565.239,76
Other financial assets	677.191.701,86	0,00	677.191.701,86
Cash and cash equivalents	388.808.810,99	0,00	388.808.810,99
Total financial assets	3.198.141.955,15	330.826.024,08	3.528.967.979,23
Financial liabilities			
Financial liabilities	3.336.973.981,33	0,00	3.336.973.981,33
Derivatives	406.584.097,73	0,00	406.584.097,73
Trade and other payables	396.340.724,24	31.824.180,02	428.164.904,26
Other amounts payable	259.000.003,73	170.408.003,17	429.408.006,90
Total financial liabilities	4.398.898.807,03	202.232.183,19	4.601.130.990,22

2.2.1. Market risk: currency risk

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

Any significant financing 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 is matched by a cash-in in foreign currency. The hedged position can be subject to a floating or fixed interest rate. Assets and liabilities relative to cross-border arrangements are in USD, but the SNCB Group is not exposed to currency risk.

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

a. Financial instruments by currency

	31/12/2018				Total
	EUR	USD	GBP	Other	
Financial assets					
Trade and other receivables	1.814.006.966,58	0,00	153.476,81	3.645,52	1.814.164.088,91
Derivatives	173.509.422,61	94.253.618,50	0,00	0,00	267.763.041,11
Other financial assets	457.264.560,34	209.279.090,09	0,00	0,00	666.543.650,43
Cash and cash equivalents	289.710.331,47	214.143,43	1.611.468,54	25.476,39	291.561.419,83
Total financial assets	2.734.491.281,00	303.746.852,02	1.764.945,35	29.121,91	3.040.032.200,28
Financial liabilities					
Financial liabilities	2.691.686.880,39	312.678.423,52	0,00	0,00	3.004.365.303,91
Derivatives	442.327.997,53	-27.423.917,79	0,00	0,00	414.904.079,74
Trade and other payables	377.837.731,21	105.547,35	129.288,59	0,00	378.072.567,15
Other amounts payable	165.763.832,67	0,00	0,00	0,00	165.763.832,67
Total financial liabilities	3.677.616.441,80	285.360.053,08	129.288,59	0,00	3.963.105.783,47
Net exposure		18.386.798,94	1.635.656,76	29.121,91	

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

The above detail shows the foreign currency exposure of the financial assets and liabilities of the SNCB Group. Apart from the euro, the significant currency for the SNCB Group is the US Dollar. The exposures in USD come from alternative financing operations. Currency risks arising from USD positions are hedged by swap agreements as described in section b. below. The USD hedging difference highlighted above is the result of a difference in the valuation method of derivatives (fair value) and financial assets and financial liabilities hedged (amortised cost).

b. Currency-derivatives

	31/12/2018		31/12/2017	
	Total fair value	Total nominal value	Total fair value	Total nominal value
Currencies bought				
USD	153.158.387,12	122.380.716,94	115.563.816,67	73.102.433,30
Other	0,00	0,00	0,00	0,00
Currencies bought - Total	153.158.387,12	122.380.716,94	115.563.816,67	73.102.433,30
Currencies sold				
USD	31.480.850,83	30.599.947,60	37.974.583,27	34.568.165,60
Other	0,00	0,00	0,00	0,00
Currencies sold - Total	31.480.850,83	30.599.947,60	37.974.583,27	34.568.165,60
Options				
USD	0,00	0,00	0,00	0,00
Other	0,00	0,00	0,00	0,00
Options - Total	0,00	0,00	0,00	0,00

The currency-derivatives concluded by the SNCB Group are swaps transactions concluded exclusively for assets and liabilities related to cross-border arrangements. These derivatives

transactions are concluded to manage the cash flows in foreign currency. The SNCB Group has chosen not to apply hedge accounting as defined in IFRS 9 and therefore does not recognize the derivatives as hedging instruments. The derivatives are recognized at fair value through profit or loss.

c. Sensitivity analysis

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

Foreign exchange rate variation	Impact on net result	Impact on other comprehensive income
2018		
USD + 10%	2.042.977,66	0,00
USD - 10%	-1.671.527,18	0,00
GBP + 10%	181.739,64	0,00
GBP - 10%	-148.696,07	0,00
2017		
USD + 10%	2.099.403,58	0,00
USD - 10%	-1.717.693,84	0,00

2.2.2. *Market risk: interest rate risk*

a. Interest rate risk

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

At 31 December 2018, an average of 23,89% (2017: 49,46%) of net interest bearing financial liabilities (before impact of derivatives) of the SNCB Group are contracted at variable rate and 76,11% (2017: 50,54%) at fixed rates. The important decrease of the variable rate share is due to the fact that no "Commercial paper" were negotiated at 31 December 2018 compared to the previous years. When taking the derivatives into account, the proportion variable – fixed rate at 31 December 2018 becomes -17,03%/117,03% (2017: 14,63%/85,38%).

	31/12/2018	31/12/2017
	Carrying amount	Carrying amount
Fixed rate instruments		
Financial assets	1.087.167.336,39	1.137.265.305,60
Trade and other receivables	773.174.447,95	801.056.548,47
Other financial assets	313.992.888,44	336.208.757,13
Cash and cash equivalents	0,00	0,00
Financial liabilities	-2.176.594.966,41	-2.015.663.924,95
Financial liabilities	-2.176.594.966,41	-2.015.686.807,01
Trade and other payables	0,00	0,00
Other amounts payable	0,00	22.882,06
Derivatives	-610.342.488,60	-636.545.353,97
Interest rate sw aps	-635.601.375,86	-669.511.782,02
Foreign exchange sw aps	25.258.887,26	32.966.428,05
Total fixed rate instruments	-1.699.770.118,62	-1.514.943.973,32
Floating rate instruments		
Financial assets	616.715.136,97	668.621.281,19
Trade and other payables	313.945.652,68	309.363.000,87
Other financial liabilities	180.184.649,96	178.515.002,70
Cash and cash equivalents	122.584.834,33	180.743.277,62
Financial liabilities	-958.712.604,41	-1.528.412.002,48
Financial liabilities	-827.757.337,50	-1.321.268.314,89
Trade liabilities	0,00	0,00
Other liabilities	-130.955.266,91	-207.143.687,59
Derivatives	589.319.792,96	600.274.763,82
Interest rate sw aps	636.550.304,09	648.823.560,29
Foreign exchange sw aps	-47.230.511,13	-48.548.796,47
Total variable rate instruments	247.322.325,52	-259.515.957,47
Total	-1.452.447.793,10	-1.774.459.930,79

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

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

b. Cash flow sensitivity analysis

A 100bp rise of variable interest rates (including derivatives) would decrease the net interest expenses of the SNCB Group by 1.776.248,28 EUR (2017: increase by 846.574,93 EUR) in 2018 (in 2017).

c. Fair value sensitivity analysis

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

The fair value sensitivity analysis was determined for the SNCB Group at the balance sheet date. An increase by 100bp would impact net result by 34.039.648,28 EUR (2017: 44.680.148,09 EUR) on 31 December 2018, of which 1.322.771,48 EUR (2017: 0,00 EUR) via the other comprehensive income. This positive change in income is mainly the result of the type of interest rate derivatives concluded by the SNCB Group for which a fixed rate is paid and a variable rate is received.

The impact via the other comprehensive income from 2018 is the consequence of the component “own credit risk of the SNCB Group” pursuant to IFRS 9.

2.2.3. Market risk: price risk on commodities

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

The parent company uses in its purchase contracts, when possible, a *click*-system fixing the price at different points in time. This strategy allows to spread the price risk over time and to make use of market opportunities. The Board of Directors of the SNCB approves for each contract the limits of the related strategy. Within the SNCB, meetings are held regularly, in the presence of the CFO, to ensure the proper implementation of the approved strategies. The Board of Directors of the SNCB is regularly informed of the results.

Regarding electricity, the infrastructure manager (Infrabel) acts as “lead buyer”. The SNCB has mandated Infrabel for the conclusion of framework agreements until 2022 included for the contract “Traction” (all electricity via the traction subsystems, mainly for traction rolling equipment) and for the distribution contract (for all electricity that is not used via the traction substations) until 2020. In the “traction” contract, a click-system will be provided by the SNCB (free click price), in combination with the ‘forward price’ and the price of the day (daily clicks). In the “distribution” contract, for technical reasons, only a combination of average price and price of the day is used.

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

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

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

- Diesel: the click-system cannot be applied here. That is why the SNCB combines the purchase of gas oil at current price with the conclusion of derivatives (gas oil swaps). The use of derivatives has the potential to react to market opportunities and to reduce uncertainty on future cash flows. The Management Board of the SNCB has decided for the periods 2018-2019 and 2020-2021, to cover a total volume based on respectively 55% and 60% of the total estimated average over those years.

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

2.2.4. Market risk: price risks 'Other financial assets'

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

2.2.5. Credit risk

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

Aging balance of financial assets

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

	Net carrying amount	Assets for which NO impairment loss is accounted for							Assets for which an impairment loss is accounted for
		Not expired	since 0-1 month	since 1-3 month	since 3-6 month	since 6-12 month	since 1-2 year	since more than 2 years	
31 December 2018									
Trade and other receivables	1.814.164.088,91	1.785.846.764,08	18.983.379,98	5.015.377,14	1.319.163,83	2.201.573,46	414.303,71	-102.309,74	485.836,45
Derivatives	267.763.041,11	267.763.041,11	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Other financial assets	666.543.650,43	666.543.650,43	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Cash and cash equivalents	291.561.419,83	291.561.419,83	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total	3.040.032.200,28	3.011.714.875,45	18.983.379,98	5.015.377,14	1.319.163,83	2.201.573,46	414.303,71	-102.309,74	485.836,45
31 December 2017									
Trade and other receivables	1.877.576.202,54	1.830.917.336,27	20.625.535,94	7.026.482,00	607.789,36	624.855,14	-131.390,39	3.975.173,27	13.930.420,95
Derivatives	254.565.239,76	254.565.239,76	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Other financial assets	677.191.701,86	677.191.701,86	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Cash and cash equivalents	388.808.810,99	388.808.810,99	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total	3.198.141.955,15	3.151.483.088,88	20.625.535,94	7.026.482,00	607.789,36	624.855,14	-131.390,39	3.975.173,27	13.930.420,95

Regional distribution

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

	Belgium	Eurozone	Europe - other	United States	Other countries	Total
31 December 2018						
Trade and other receivables	1.479.839.082,40	329.299.231,62	2.298.159,83	2.704.696,46	22.918,60	1.814.164.088,91
Derivatives	200.876.454,62	13.970.673,32	47.800.935,46	5.114.977,61	0,00	267.763.041,01
Other financial assets	286.470.955,43	31.345.144,00	274.106.184,74	74.621.366,26	0,00	666.543.650,43
Cash and cash equivalents	291.561.468,38	0,00	0,00	2.951,45	0,00	291.564.419,83
Total	2.258.747.960,83	374.615.048,94	324.205.280,03	82.443.991,78	22.918,60	3.040.035.200,18
31 December 2017						
Trade and other receivables	1.511.392.249,80	357.357.498,35	4.893.550,55	3.916.063,80	16.840,04	1.877.576.202,54
Derivatives	196.364.958,02	10.162.852,67	45.922.844,68	2.114.584,39	0,00	254.565.239,76
Other financial assets	275.363.208,14	30.123.146,37	263.584.536,55	75.877.273,85	32.243.536,95	677.191.701,86
Cash and cash equivalents	388.807.776,77	0,00	374,03	660,19	0,00	388.808.810,99
Total	2.371.928.192,73	397.643.497,39	314.401.305,81	81.908.582,23	32.260.376,99	3.198.141.955,15

Credit risk on trade receivables and other receivables.

Accounts receivable and other receivables relate in 2018 to 63,68% (2017: 63,24%) claims on the Belgian State following the pre-financing of investments and net claims relating to operating subsidies (SPF) and for 17,30% (2017: 16,47%) guarantees paid to financial institutions under CSA contracts. Other trade receivables and other receivables (2018: 19,02%; 2017: 20,29%) are spread over several thirds.

Credit risk on “Other financial assets” and “Cash and cash equivalents”

Other financial assets of the SNCB Group are equity instruments (interests) and receivables with interests (fixed income investments, deposits and Back to Back transactions with the State).

The SNCB Group limits its credit risk on receivables with interests by investing exclusively in counterparties that meet the criteria of the financial policy. Receivables must resemble a loan and cannot take place in risk bearing capital. Investments are subjected to strict conditions regarding minimum credit quality based on the maturity of the investment. The SNCB Group has established the limits of investments by counterparties. These limits are however not applicable to investments in instruments that are issued or guaranteed by the Belgian State, the Flemish Community, the Walloon Region, the French Community, the German Community and the Region of Brussels Capital. They are also not applicable to US treasury bonds and to deposits with Eurofima. Given the counterparty’s credit quality, the SNCB Group expects that counterparties meet their obligations. Investments are continuously monitored and an annual decision of the Board is required to maintain the investments that no longer meet the required criteria.

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

Equity instruments in which the SNCB Group has invested consist of operational investments in companies who do not meet the criteria of a subsidiary, joint ventures or associates. For a more detailed analysis of these assets, see Note 12.

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

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

Rating	31/12/2018					
	Nominal		Fair value adjustment	Accrued income		Total
	Non-current	Current		Non-current	Current	
Other financial assets	690.305.341,06	7.355.198,37	-39.928.614,16	8.341.311,50	470.413,66	666.543.650,43
AA+	96.041.737,72	0,00	1.636.888,05	2.258.879,12	0,00	99.937.504,89
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	96.041.737,72	0,00	1.636.888,05	2.258.879,12	0,00	99.937.504,89
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
AA	266.741.762,27	0,00	0,00	780.137,89	-6.327,68	267.515.572,48
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	266.741.762,27	0,00	0,00	780.137,89	-6.327,68	267.515.572,48
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
AA-	112.053.311,67	7.355.198,37	0,00	36.097,66	88.218,52	119.532.826,22
<i>Financial institutions</i>	112.053.311,67	7.355.198,37	0,00	36.097,66	88.218,52	119.532.826,22
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
A+	0,00	0,00	0,00	0,00	0,00	0,00
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
A	103.439.477,32	0,00	248.659,73	5.266.196,83	387.251,32	109.341.585,20
<i>Financial institutions</i>	103.439.477,32	0,00	248.659,73	5.266.196,83	387.251,32	109.341.585,20
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
A-	0,00	0,00	0,00	0,00	0,00	0,00
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
NR	112.029.052,08	0,00	-41.814.161,94	0,00	1.271,50	70.216.161,64
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	18.969.728,15	0,00	-20.866,70	0,00	1.271,50	18.950.132,95
<i>Equity securities</i>	93.059.323,93	0,00	-41.793.295,24	0,00	0,00	51.266.028,69
<i>Other</i>	0,00	0,00	0,00	0,00	0,00	0,00
Rating	31/12/2018					
	Nominal		Fair value adjustment	Accrued income		Total
	Non-current	Current		Non-current	Current	
Cash and cash equivalents	0,00	291.561.049,78	0,00	0,00	370,05	291.561.419,83
A-1+	0,00	121.255.251,51	0,00	0,00	0,00	121.255.251,51
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	0,00	121.255.251,51	0,00	0,00	0,00	121.255.251,51
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
NR	0,00	170.305.798,27	0,00	0,00	370,05	170.306.168,32
<i>Financial institutions</i>	0,00	1.329.212,77	0,00	0,00	370,05	1.329.582,82
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Cash at bank</i>	0,00	166.918.739,95	0,00	0,00	0,00	166.918.739,95
<i>Cash in hand</i>	0,00	2.057.845,55	0,00	0,00	0,00	2.057.845,55

Rating	31/12/2017					
	Nominal		Fair value adjustment	Accrued income		Total
	Non-current	Current		Non-current	Current	
Other financial assets	695.785.616,44	9.373.802,23	-37.620.687,88	9.296.292,89	356.678,18	677.191.701,86
AA+	88.309.549,43	5.353.558,30	3.004.695,28	2.058.016,73	6.072,24	98.731.891,98
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	88.309.549,43	5.353.558,30	3.004.695,28	2.058.016,73	6.072,24	98.731.891,98
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
AA	285.973.752,37	0,00	0,00	2.489.393,61	-6.991,70	288.456.154,28
<i>Financial institutions</i>	30.495.459,81	0,00	0,00	1.748.077,14	0,00	32.243.536,95
<i>Sovereigns</i>	255.478.292,56	0,00	0,00	741.316,47	-6.991,70	256.212.617,33
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
AA-	115.900.894,97	4.020.243,93	0,00	60.973,72	67.478,52	120.049.591,14
<i>Financial institutions</i>	115.900.894,97	4.020.243,93	0,00	60.973,72	67.478,52	120.049.591,14
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
A+	0,00	0,00	0,00	0,00	0,00	0,00
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
A	94.055.532,41	0,00	548.178,22	4.687.908,83	251.075,50	99.542.694,96
<i>Financial institutions</i>	94.055.532,41	0,00	548.178,22	4.687.908,83	251.075,50	99.542.694,96
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
A-	0,00	0,00	0,00	0,00	0,00	0,00
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	0,00	0,00	0,00	0,00	0,00	0,00
NR	111.545.887,26	0,00	-41.173.561,38	0,00	39.043,62	70.411.369,50
<i>Financial institutions</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Sovereigns</i>	0,00	0,00	0,00	0,00	0,00	0,00
<i>Corporates</i>	18.486.563,33	0,00	0,00	0,00	39.043,62	18.525.606,95
<i>Equity securities</i>	93.059.323,93	0,00	-41.173.561,38	0,00	0,00	51.885.762,55
<i>Other</i>	0,00	0,00	0,00	0,00	0,00	0,00

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

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

Management of derivatives counterparty credit risk

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

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

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

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

<i>Management of derivatives counterparty credit risk</i>						31/12/2018
Counterparty	Rating	Credit risk	Collateral posted	Collateral received	Net exposure	
152	A+	4.436.005,26	0,00	-9.700.000,00	-5.263.994,74	
154	A-	-361.854.115,94	311.167.049,29	0,00	-50.687.066,65	
155	A	-357.052,00	0,00	0,00	-357.052,00	
156	A+	-10.343.127,69	0,00	0,00	-10.343.127,69	
158	A+	9.962.349,01	0,00	0,00	9.962.349,01	
159	A+	-2.631.925,43	2.700.000,00	0,00	68.074,57	
160	A-	-1.836.163,50	0,00	0,00	-1.836.163,50	
161	A	-5.997.420,39	0,00	0,00	-5.997.420,39	
162	AA-	1.136.956,67	0,00	0,00	1.136.956,67	
163	A	2.395.665,88	0,00	0,00	2.395.665,88	
166	A	5.320.893,35	0,00	0,00	5.320.893,35	
With CSA		-359.767.934,78	313.867.049,29	-9.700.000,00	-55.600.885,49	
Belgian State	AA	194.703.171,16	0,00	0,00	194.703.171,16	
Eurofima	AA+	17.923.724,99	0,00	0,00	17.923.724,99	
Without CSA		212.626.896,15	0,00	0,00	212.626.896,15	
Total		-147.141.038,63	313.867.049,29	-9.700.000,00	157.026.010,66	

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

2.2.6. Offsetting reciprocal receivables and debts

The SNCB Group doesn't systematically offset the reciprocal debts and receivables, except for the case mentioned below. Spot offsets are possible if they meet the required criteria (IAS 32.42).

The SNCB Group, together with other European railway companies, is part of a multilateral clearing mechanism (CCB). This organization sets periodically, on the basis of the reciprocal claims and obligations presented to it, the amounts to be paid and received by each party to settle all the reciprocal obligations. As soon as the BCC has communicated these amounts to its members, they have a legally enforceable right to pay these amounts.

The table below details the amounts of recognized balances as well as receivables and obligations with other members of the organization that have not yet been presented as at 31 December 2018 and at 31 December 2017.

	31/12/2018	31/12/2017
	Carrying amount	Carrying amount
Amounts offset	256.961,15	230.341,92
Trade and other receivables	345.404,47	1.017.769,80
Other amounts payable	-88.443,32	-787.427,88
Eligible amounts not yet offset	-1.639.239,20	-2.102.373,42
Trade and other receivables	4.353.077,42	3.275.446,87
Other amounts payable	-5.992.316,62	-5.377.820,29
Total	-1.382.278,05	-1.872.031,50

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

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

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

2.2.7. Liquidity risk

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

- has sufficient liquidities. The SNCB Group has, at the end of 2018, 170.306.159,24 EUR (2017: 208.065.524,29 EUR) at its disposal which are not managed for third parties;
- has sufficient available lines of credit, confirmed (2018: 75 million EUR; 2017: 375 million EUR) and unconfirmed (2018: 35 million EUR; 2017: 35 million EUR) credit facilities available, completed with (unconfirmed) Commercial Paper programs (2018: 4 billion EUR; 2017: 4 billion EUR);
- concluded a credit line (600 million EUR) at the end of 2018 (2017: 600 million EUR) with the European Investment bank allowing to conclude long-term financing;
- can request the State guarantee for funding made by the parent company for an amount up to 1.138.007.506,22 EUR;
- provides for the spreading of the net debt maturities over time, according to its financial policy. Thus, a maximum of 20% of the outstanding debt may mature in a given year, with a maximum of 10% of the debt per quarter.

The SNCB Group raised at the end of 2018 0,00 EUR (2017: 350.057.888,33 EUR) through its commercial paper program and did not make use of available credit facilities (2017: 0,00 EUR).

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

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

	Carrying amount	Contractual cash flows *	< 6 months	6-12 months	1-2 year	2-5 years	> 5 year
* including interest payments							
31 December 2018							
Financial assets							
Trade and other receivables	511.889.129,56	692.641.000,00	11.891.000,00	30.035.000,00	41.926.000,00	125.778.000,00	483.011.000,00
Derivatives	267.763.041,11	149.036.425,30	-1.658.092,25	56.198.768,94	-14.259.037,52	14.327.360,07	94.427.426,06
Other financial assets	596.327.488,79	974.672.593,91	5.101.315,45	8.133.556,62	46.708.530,96	197.747.846,27	716.981.344,61
Cash and cash equivalents	121.255.260,59	121.255.260,59	121.255.260,59	0,00	0,00	0,00	0,00
Total financial assets	1.497.234.920,05	1.937.605.279,80	136.589.483,79	94.367.325,56	74.375.493,44	337.853.206,34	1.294.419.770,67
Financial liabilities							
Financial liabilities	3.004.365.303,91	3.882.928.348,37	579.445.186,00	30.835.536,07	452.141.459,35	1.183.845.742,06	1.636.660.424,89
Derivatives	414.904.079,74	504.371.325,86	4.063.302,41	9.424.422,91	25.309.812,37	71.313.250,25	394.260.537,92
Trade and other payables	378.072.567,15	378.072.567,15	378.067.426,50	0,00	0,00	5.140,65	0,00
Other amounts payable	165.763.832,67	165.763.832,67	83.084.876,73	44.985.941,89	33.781.374,79	2.800,00	3.908.839,26
Total financial liabilities	3.963.105.783,47	4.931.136.074,05	1.044.660.791,64	85.245.900,87	511.232.646,51	1.255.166.932,96	2.034.829.802,07
Total	-2.465.870.863,42	-2.993.530.794,25	-908.071.307,85	9.121.424,69	-436.857.153,07	-917.313.726,62	-740.410.031,40
* including interest payments							
31 December 2017							
Financial assets							
Trade and other receivables	548.136.235,70	749.034.174,70	26.358.174,70	30.035.000,00	41.926.000,00	125.778.000,00	524.937.000,00
Derivatives	254.565.239,76	41.541.049,58	-1.033.308,06	-4.848.850,37	-6.112.964,91	74.037.988,13	-20.501.815,21
Other financial assets	606.780.332,36	1.032.894.989,71	2.510.844,62	10.419.532,71	13.153.608,26	216.290.392,74	790.520.611,38
Cash and cash equivalents	180.743.286,70	180.743.286,70	180.743.286,70	0,00	0,00	0,00	0,00
Total financial assets	1.590.225.094,52	2.004.213.500,69	208.578.997,96	35.605.682,34	48.966.643,35	416.106.380,87	1.294.955.796,17
Financial liabilities							
Financial liabilities	3.336.973.981,33	3.926.888.511,33	393.645.650,22	141.894.147,84	261.544.979,21	1.240.478.822,60	1.889.324.911,46
Derivatives	406.584.097,73	430.698.018,97	286.528,29	27.347.442,07	-48.979.854,59	138.156.373,75	313.887.529,45
Trade and other payables	396.340.724,24	396.340.724,24	394.493.335,98	176.911,45	920.279,22	750.197,59	0,00
Other amounts payable	259.000.003,73	258.836.596,59	108.520.941,46	58.738.985,88	54.488.490,62	34.792.948,22	2.295.230,41
Total financial liabilities	4.398.898.807,03	5.012.763.851,13	896.946.455,95	228.157.487,24	267.973.894,46	1.414.178.342,16	2.205.507.671,32
Total	-2.808.673.712,51	-3.008.550.350,44	-688.367.457,99	-192.551.804,90	-219.007.251,11	-998.071.961,29	-910.551.875,15

2.2.8. Fair value risk

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

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

	31/12/2018		
	Niveau 1	Niveau 2	Niveau 3
Assets			
Financial assets at fair value through profit or loss			
Deposits	0,00	0,00	0,00
Fixed rate securities	74.621.366,26	31.235.858,65	0,00
Derivatives	0,00	251.836.830,10	15.926.211,01
Other receivables	0,00	121.199.553,43	0,00
Financial assets at fair value through other comprehensive income			
Equity instruments	0,00	0,00	51.266.028,69
Other instruments	0,00	0,00	0,00
Total	74.621.366,26	404.272.242,18	67.192.239,70
Liabilities			
Financial liabilities at fair value through profit or loss			
Financial liabilities	0,00	0,00	132.534.157,17
Derivatives	0,00	416.901.593,72	-1.997.513,98
Other financial liabilities	0,00	0,00	0,00
Total	0,00	416.901.593,72	130.536.643,19

	31/12/2017		
	Niveau 1	Niveau 2	Niveau 3
Assets			
Financial assets at fair value through profit or loss			
Deposits	0,00	0,00	0,00
Fixed rate securities	70.517.643,31	30.013.861,02	0,00
Derivatives	0,00	240.133.837,11	14.431.402,64
Other	0,00	110.705.812,36	0,00
Financial assets at fair value through other comprehensive income			
Equity instruments	0,00	0,00	51.885.762,55
Other instruments	0,00	0,00	0,00
Total	70.517.643,31	380.853.510,49	66.317.165,19
Liabilities			
Financial liabilities at fair value through profit or loss			
Financial liabilities	0,00	0,00	127.859.616,34
Derivatives	0,00	408.436.494,13	-1.852.396,40
Other financial liabilities	0,00	0,00	0,00
Total	0,00	408.436.494,13	126.007.219,94

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

Equity instruments measured at fair value include operating interests in companies that do not meet the definition of subsidiary, joint venture or associated company and for which there is no directly observable data that would make a valuation possible. These financial assets remain valued at their historical acquisition value. At the end of each reference period, these instruments are subject to an impairment test.

Following the reorganisation on January 1, 2014, the SNCB Group no longer has a representative number of listed fixed income securities (Bonds). The SNCB Group no longer has market data as defined in paragraph 81 and 82 of IFRS 13 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 1, 2014, the fair values of these instruments are considered Level 3 of the fair value hierarchy according to IFRS 13. Based on periodic market consultations, the SNCB Group establishes an estimate of the credit margin applicable to it in relation to the financing cost of the Belgian State and which enables it to make a realistic estimate of the valuation curve for these assets.

Changes in level 3 financial instruments	
	EUR
Assets	
At 1st of January	66.317.165,19
Disposals	0,00
Payments	874.434,17
Total gains and losses recognised in profit or loss	620.374,20
Impairment losses through other comprehensive income	-619.733,86
Transfers assets-liabilities	0,00
Transfer to another balance sheet item	0,00
At 31st of December	67.192.239,70
Liabilities	
At 1st of January	126.007.219,94
Payments	443.620,73
Total gains and losses recognised in profit or loss	5.845.724,96
Changes in fair value through other comprehensive income (own credit risk)	-1.759.922,44
Transfers assets-liabilities	0,00
At 31st of December	130.536.643,19

A 10 basis point rise in the credit margin of the Group SNCB would have resulted, at the end of the current reference period, in a gain of 545.832,08 EUR of which 741.263,10 EUR through other comprehensive income. The difference between the two amounts results from the variation in the derivatives that are not subject to a CSA and for which the financing cost of the SNCB Group is used to determine the fair value.

Note 3 - Critical accounting estimates and significant judgements

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

3.1 Impairment of Property, plant and equipments

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

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

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

This analysis continued in 2017 and impairment tests were carried out on certain land, including some land around the stations for which development projects exist. These lands have been evaluated by an external firm to ensure that at least 75% of the revalued carrying amount of major projects is covered. Their fair value is generally higher than their carrying amount, with the exception of two projects for which an impairment loss of EUR 3.5 million was recorded as at 31 December 2017.

In 2018, the board of directors has decided to test, with the help of an external cabinet, the other major projects in 2018 and in 2019 if major changes in the masterplan should take place. In 2018, we talk about the major project Oostende Industrie. Its carrying amount at 31 December 2018 is higher than its fair value and an impairment loss of 0,5 M€ was recorded at 31 December 2018.

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

3.2 Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not quoted on an active market (such as over the counter traded derivatives) is determined using valuation techniques. The SNCB Group selects the methods and retains the assumptions that seem to be appropriate, based principally on existing market conditions at reporting date.

The SNCB Group evaluates:

- the fixed income investments and the interest-bearing financial assets that are not traded on an active market using the discounted free cash flows method;
- the other, non-interests-bearing financial assets, at their historical cost and submits them to an impairment test at the end of each reference period;
- the derivatives using the discounted free cash flows method combined with valuation models for options;
- the financial liabilities using the discounted free cash flows method.

The valuation of the individual derivatives is adjusted for any counterparty's potential credit risk, considering all the contracts concluded with this counterparty and the paid or received collateral. This adjustment is calculated taking into account the average residual maturity of the instruments and the credit worthiness of the counterparty.

To determine the future free cash flows, the SNCB Group uses the forward rates derived from the interest curve (Euribor, Libor, ...) for the corresponding currencies and maturities.

To determine the discount rates, the Group takes into account the nature of the investment to be valued, the residual maturity and the currency in which the investment was issued. The SNCB Group uses the following discount rates:

- the risk-neutral rate (EONIA, FED Funds, ...) for the valuation of the derivatives subject to a Credit Support Annex (CSA);
- the risk-neutral rate plus a credit spread specific to a sector or counterparty for the valuation of the fixed income investments that are not traded on an active market;
- the OLO rates plus a credit spread specific to the SNCB Group for the valuation of the financial liabilities and the derivatives that are not subject to a CSA.

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

3.3 Employee benefits

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

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

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

3.5 Useful life of property, plant and equipment

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

3.6 Deferred tax: recovery of deferred tax assets

Deferred tax assets are only recognised for deductible temporary differences and losses carried forward if it is probable that future taxable profits will offset these losses and differences and if tax losses remain available given their origin, their period of occurrence and their compliance with the legislation relating to their recovery. The ability of the SNCB Group to recover deferred tax assets is assessed through an analysis which is mainly based on business plans and the uncertainty surrounding economic conditions and uncertainties in the markets in which the SNCB Group operates. Given the various uncertainties described above, a time horizon of three years is used by the SNCB Group in its analysis. The underlying assumptions of this analysis are reviewed annually. If the estimated net results for the upcoming 3-year period were to decrease by 10%, with unchanged tax parameters, the deferred tax assets would be reduced by 441.909 EUR as at 31 December 2018 (593.485 EUR as at 31 December 2017).

3.7 Provisions

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

Provisions for soil decontamination

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

Provisions for legal claims

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

Note 4 - Consolidation scope of the SNCB Group

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

Name	Share of voting rights in % at		Share of equity holders of non-controlling interest in the voting right in %		Net result (consolidated) attributed to the non-controlling holders		Location of the headquarters	Company/VAT number
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017		
Blue Mobility	-	51,83	-	48,17	19.786,59	23.222,93	Antwerpen	BE 0832.369.965
B-Parking	100,00	100,00	0,00	0,00	0,00	0,00	Brussel	BE 0899.438.834
De Leew e ll	100,00	100,00	0,00	0,00	0,00	0,00	Brussel	BE 0476.491.021
Eurogare	75,00	75,00	25,00	25,00	236.513,24	66.478,10	Liège	BE 0451.150.562
Eurostation	-	100,00	-	0,00	0,00	0,00	Brussel	BE 0446.601.757
Publifer	100,00	100,00	0,00	0,00	0,00	0,00	Brussel	BE 0402.695.993
Railtour	95,44	95,44	4,56	4,56	10.729,02	6.107,40	Brussel	BE 0402.698.765
Schelde-Landschapspark (SLP)	50,00	50,00	50,00	50,00	-8.284,35	2.398,65	Bornem	BE 0824.816.833
SOBRU	-	100,00	-	0,00	0,00	0,00	Brussel	BE 0830.459.758
Train World	100,00	100,00	0,00	0,00	0,00	0,00	Brussel	BE 0632.739.017
YPTO	100,00	100,00	0,00	0,00	0,00	0,00	Brussel	BE 0821.220.410

The following events occurred within the SNCB Group in 2018 and concerned subsidiaries:

- SNCB sold to B-parking, a share in Publifer (representing 0,08% of the capital).
- the board of directors of the SNCB of 29 June 2018 approved the merger by absorption of its subsidiary Eurostation, with an entry into force on the tax and accounting level on 1 July 2018. Prior to this merger:
 - Eurostation has absorbed its subsidiary SOBRU with retroactive effect from 1 January 2018;
 - SNCB has repurchased from B-parking the share in Eurostation (representing 0,03% of the capital) that SNCB had sold at the beginning of January 2018, to be the sole shareholder of the subsidiary.
- On 29/08/2018, B-parking sold (out of the Group) its interest of 51,83% in Blue Mobility, classified as a non-current asset held for sale and associated liabilities since 31 December 2017. We refer you to note 15. Non-current assets held for sale and associated liabilities.

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

Name	Share of voting rights in % at		Share of equity holders of non-controlling interest in the voting right in %		Net result (consolidated) attributed to the non-controlling holders		Location of the headquarters	Company/VAT number	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017			
Belgian Mobility Card (*)	25,00	25,00	(*)	0,00	0,00	0,00	0,00	Brussel	BE 0822.658.483
BeNe Rail International	50,00	50,00		0,00	0,00	0,00	0,00	Brussel	BE 0479.863.354
Eurofima Joint-Stock Cie (Sw iss law)	9,80	9,80		0,00	0,00	0,00	0,00	Bazel	-
Group Lineas	31,12	31,12		0,00	0,00	0,00	0,00	Brussel	BE 0822.966.806
Hasselt stationsomgeving	50,00	50,00		0,00	0,00	0,00	0,00	Hasselt	BE 0862.570.223
K. EUR Development	50,00	50,00		0,00	0,00	0,00	0,00	Antwerpen	BE 0651.617.195
Optimobil Belgium	24,01	24,01		0,00	0,00	0,00	0,00	Brussel	BE 0471.868.277
Railteam (Dutch law)	10,00	10,00		0,00	0,00	0,00	0,00	Amsterdam	NL 818547182B01
Terminal Athus (**)	25,42	25,42	(**)	0,00	0,00	0,00	0,00	Athus	BE 0419.149.074
Thalys International	30,00	28,00		0,05	0,00	69,81	0,00	Brussel	BE 0455.370.557
THI Factory	40,00	40,00		0,00	0,00	0,00	0,00	Brussel	BE 0541.696.005
HR Rail (***)	20,00	20,00	(***)	0,00	0,00	0,00	0,00	Brussel	BE 0541.691.352

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

(**) Company classified as non-current asset held for sale at 31 December 2017

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

The following events concerning entities consolidated under equity method took place in 2018 within the SNCB Group:

- On 12 December 2018, Deutsche Bahn (DB) left the shareholding of Thalys International by selling its 10 shares (representing 10% of the capital) of which one share to SNCB and one share to Railtour. After this operation, the percentage of control of the SNCB Group in Thalys International increased from 28% to 30%.
- Due to uncertainties regarding the possible sale of the interest in Terminal Athus, this financial interest has been transferred from non-current assets held for sale to interests under equity method. We refer you to note 15. Non-current assets held for sale and associated liabilities.
- Without impact on the consolidation scope 2018, the following changes took place in the Lineas Group consolidated under the equity method:
 - the interest under equity method COBRA, held at 49% by Lineas Group, was put into liquidation;
 - legal and operational reorganization of Lineas group: Lineas Group held at 31,12% by the SNCB, will operate as a holding company. All operational activities are transferred to Lineas SA. From 1 July 2018, IFB changed its name and became Lineas assets 2.

To be noted:

Eurofima, held at 9,80% by SNCB, is consolidated under equity method in the consolidated financial statements of the SNCB Group because SNCB has a significant influence in this company according to the standard IAS 28§6. Indeed:

- SNCB is represented on Eurofima's board of directors in the same proportions as the other shareholders (more or less important in number of shares) since the statutes stipulate that the board members are designated by the general meeting in this proportion: two board members per shareholder with at least 2% of the share capital.

- there are significant transactions between SNCB and Eurofima. The “leasing” contracts between the 2 companies amount to 1.342,0 M€ at 31 December 2018 or 46% of the total long-term debt, including the debts maturing in the year but excluding the Eurofima’s participation in alternative financing operations and in the various swap contracts in which Eurofima is an intermediary.

Note 5 - Intangible assets

5.1 Intangible assets

EUR	31/12/2018	31/12/2017
Goodwill	840.896,43	847.198,82
Intangible assets - other - internally generated	215.535.898,60	216.535.116,68
Intangible assets - other - acquired from third parties	997.929,49	1.439.466,05
Carrying value	217.374.724,52	218.821.781,55

Of which:

	31/12/2018	31/12/2017
SNCB	216.989.412,85	218.195.323,74
Subsidiaries	385.311,67	626.457,81
Carrying value	217.374.724,52	218.821.781,55

5.1.1 Intangible assets – Goodwill

	Goodwill - global integration	Goodwill - other	Total
Carrying value at 1 January 2017	0,00	0,00	0,00
Individual acquisitions	6.302,39		6.302,39
Acquisitions through business combinations	840.896,43		840.896,43
Carrying value at 31 December 2017	847.198,82	0,00	847.198,82
Carrying value at 1 January 2018	847.198,82	0,00	847.198,82
Change in the consolidation scope - Acquisition value	-6.302,39		-6.302,39
Carrying value at 31 December 2018	840.896,43	0,00	840.896,43

	Goodwill - global integration	Goodwill - other	Total
At 31 December 2017			
Acquisition value	50.301.604,29		50.301.604,29
Accumulated impairment losses	-49.454.405,47		-49.454.405,47
Carrying value at 31 December 2017	847.198,82	0,00	847.198,82
At 31 December 2018			
Acquisition value	2.094.213,53		2.094.213,53
Accumulated impairment losses	-1.253.317,10		-1.253.317,10
Carrying value at 31 December 2018	840.896,43	0,00	840.896,43

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

5.1.3 Intangible assets - finance lease

	Software	Total in finance lease
At 31 December 2017		
Acquisition value	1.059.956,16	1.059.956,16
Accumulated amortization	-847.964,92	-847.964,92
Accumulated impairment losses		0,00
Carrying value at 31 December 2017	211.991,24	211.991,24
At 31 December 2018		
Acquisition value	1.059.956,16	1.059.956,16
Accumulated amortization	-1.059.956,16	-1.059.956,16
Accumulated impairment losses		0,00
Carrying value at 31 December 2018	0,00	0,00

Software held under finance leases as at 31 December 2018 and 31 December 2017 relate to the subsidiary YPTO.

5.1.4 Other information related to intangible assets

Carrying value of intangible assets	31/12/2018	31/12/2017
Acquired through grants		
Softwares - internally generated	205.313.258,20	207.013.061,21
Total	205.313.258,20	207.013.061,21

As per 31 December 2018, 94,4% of the intangible assets of the SNCB Group are acquired through government grants. Total amount of subsidised intangible assets relates to SNCB. Intangible assets not ready for use amount to 76.698.103,65 EUR as per 31 December 2018 (of which 73.184.092,44 EUR is funded by government grants) and to 64.489.594,12 EUR as per 31 December 2017 (of which 59.918.592,00 EUR is funded by government grants).

Note 6 - Property, plant and equipment

6.1. Property, plant and equipment

EUR	Land	Buildings	Railway infrastructure	Railway rolling stock	Plant and various equipment	Assets under construction	Total
Carrying value at 1 January 2017	784.275.098,96	928.028.822,92	54.610.386,65	3.883.368.532,07	202.909.401,71	1.074.800.513,02	6.927.992.755,33
Individual acquisitions		1.199.580,77			561.915,06	283.330.045,36	285.091.541,19
Acquisitions through business combinations					6.741.322,53		6.741.322,53
Acquisitions financial lease					5.276.567,00		5.276.567,00
Internally generated					281.395,83	195.875.227,20	196.156.623,03
Borrowing cost						134.935,18	134.935,18
Disposals					-46.378,79	-6.100,00	-52.478,79
Transfer to:							
non-current assets held for sale	-742.410,14	-962.377,95		-265.163,57	-519.943,83	-16.141,15	-2.506.036,64
other category within this class	959.533,20	107.730.676,57	12.909.662,98	126.454.347,66	50.778.609,58	-298.832.829,99	0,00
from/to intangible assets and investment property	34.667,64	-31.938.961,10			-93.625,00	-3.098.791,21	-35.096.709,67
other				1.875.708,14	27.375,00	306.098,88	2.209.182,02
Impairment losses	-3.488.854,60	-974.757,03	-117.636,98	-18.782.664,46	-1.854.154,13		-25.218.067,20
Reversal of impairment losses	671.871,72						671.871,72
Depreciation		-47.621.454,73	-3.013.968,46	-246.847.294,77	-28.644.412,91		-326.127.130,87
Excess		94.848,65			78.138,71		172.987,36
Carrying value at 31 December 2017	781.709.906,78	955.556.378,10	64.388.444,19	3.745.803.465,07	235.496.210,76	1.252.492.957,29	7.035.447.362,19
Carrying value at 1 January 2018	781.709.906,78	955.556.378,10	64.388.444,19	3.745.803.465,07	235.496.210,76	1.252.492.957,29	7.035.447.362,19
Individual acquisitions					1.546.823,33	198.247.955,47	199.794.778,80
Internally generated						178.750.753,47	178.750.753,47
Borrowing cost						201.701,52	201.701,52
Disposals					-46.873,82		-46.873,82
Transfer to:							
non-current assets held for sale	-2.997.681,65	-513.292,22	-757,69	-389.058,33	-674.676,51	-324.330,63	-4.899.797,03
other category within this class	1.339.819,84	194.316.783,04	11.594.965,21	126.389.439,06	96.617.227,27	-430.258.234,42	0,00
from/to intangible assets and investment property	-3.747.674,59	-9.308.834,66	8.132,48			-2.925.629,73	-15.974.006,50
from/to trade and other receivables	3.805.056,91	7.233.945,77			14.734,44	-1.292.173,64	9.761.563,48
other	-139.784,64				527,63		-139.257,01
Impairment losses	-649.898,71	-1.916.495,01	-92.439,66	-8.202.398,76	-852.947,96		-11.714.180,10
Depreciation		-52.182.906,05	-4.014.190,56	-254.231.170,20	-35.341.711,47		-345.769.978,28
Excess	904.470,04	1.150,00			18.908,09		924.528,13
Carrying value at 31 December 2018	780.224.213,98	1.093.186.728,97	71.884.153,97	3.609.370.276,84	296.778.221,76	1.194.892.999,33	7.046.336.594,85

As of 31 December 2018, **individual acquisitions (including capitalized production)** of 378.545.532,27 EUR mainly concern SNCB (373.764.116,09 EUR) and include investments in rolling stock for 167.019.012,29 EUR, investments in reception (stations and car parks) for 112.556.084,11 EUR and investments in workshops for 88.952.096,99 EUR. The acquisitions through business combination in 2017 of 6.741.322,53 EUR relate to Publifer as a result of the business combination achieved in stages (step acquisitions).

Transfers of 9.308.834,66 EUR from Property, plant and equipment (construction) to Investment properties in 2018 mainly concern SNCB and are the result of a change in the occupancy rate of buildings by third parties (based on an analysis of occupancy rates 2018). Land for a value of 3.747.674,59 EUR was also transferred from Property, plant and equipment to Investment properties in 2018 of which, 3.789.612,59 EUR at SNCB concerning a land for commercial use.

Transfers from Trade and other receivables include an amount of 11.039.002,68 EUR of Eurostation which was transferred from the heading Trade and other receivables (construction contracts in 2017) to the heading Property, plant and equipment in 2018.

Impairment losses include the decommissioning of SNCB rolling stock: 6.912.647 EUR for SNCB at 31 December 2018.

In 2016, impairment tests were performed on land that was measured at fair value on January 1, 2014 under IFRS 1 and on the related buildings. In 2017, the impairment test carried out with the help of an external expert concerned industrial land and 6 major development projects as well as the major project of Brussels-Midi. In 2018, the board of directors has decided to test, with the help of an external cabinet, the other major projects in 2018 and in 2019 if major changes in the masterplan should take place. In 2018, we talk about the major project Oostende Industrie. Its carrying amount at 31 December 2018 is 2,3 M€ higher than its estimated fair value of 1,8 M€. An impairment loss of 0,5 M€ was recorded at 31 December 2018.

	Land	Buildings	Railway infrastructure	Railway rolling stock	Plant and various equipment	Assets under construction	Total
At 31 December 2017							
Acquisition value	868.361.649,77	1.739.919.977,93	168.317.838,12	6.617.646.490,05	622.745.139,27	1.252.492.957,29	11.269.484.052,43
Accumulated amortization		-774.347.447,28	-87.643.470,84	-2.861.296.992,54	-379.060.131,86		-4.102.348.042,52
Accumulated impairment losses	-86.651.742,99	-10.016.152,55	-16.285.923,09	-10.546.032,44	-8.188.796,65		-131.688.647,72
Carrying value at 31 December 2017	781.709.906,78	955.556.378,10	64.388.444,19	3.745.803.465,07	235.496.210,76	1.252.492.957,29	7.035.447.362,19
At 31 December 2018							
Acquisition value	866.392.085,71	1.912.375.006,30	179.066.404,17	6.721.655.919,88	701.853.275,75	1.194.892.999,33	11.576.235.691,14
Accumulated amortization		-809.618.966,83	-90.896.327,11	-3.097.928.735,61	-397.412.357,87		-4.395.856.387,42
Accumulated impairment losses	-86.167.871,73	-9.569.310,50	-16.285.923,09	-14.356.907,43	-7.662.696,12		-134.042.708,87
Carrying value at 31 December 2018	780.224.213,98	1.093.186.728,97	71.884.153,97	3.609.370.276,84	296.778.221,76	1.194.892.999,33	7.046.336.594,85

Of which:

	31/12/2018	31/12/2017
SNCB	7.024.094.037,07	7.010.363.444,71
Subsidiaries	22.242.557,78	25.083.917,48
Carrying value	7.046.336.594,85	7.035.447.362,19

As per 31 December 2018 SNCB holds 99,7% of the total consolidated property, plant and equipment of the SNCB Group.

The capitalisation rate used to determine the amounts of financing costs eligible for capitalisation under property, plant and equipment amounts to 2,11% in 2018 and in 2017.

6.2. Property, plant and equipment: finance leases

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

	Buildings	Buildings
At 31 December 2017		
Acquisition value	15.502.546,24	5.558.753,63
Accumulated amortization	-2.079.371,27	-633.957,76
Accumulated impairment losses	-5.959.691,46	
Carrying value at 31 December 2017	7.463.483,51	4.924.795,87
At 31 December 2018		
Acquisition value	15.502.546,24	5.558.753,63
Accumulated amortization	-2.316.940,84	-1.161.614,46
Accumulated impairment losses	-5.959.691,46	
Carrying value at 31 December 2018	7.225.913,94	4.397.139,17

6.3. Other information related to property, plant and equipment

Carrying value of property, plant and equipment	31/12/2018	31/12/2017
Whose ownership is given guarantee for debts	1.972.668.151,50	2.030.737.782,30
Total	1.972.668.151,50	2.030.737.782,30

Property, plant and equipment given as collateral for debts are mainly held by SNCB. They mainly include rolling stock (1.923.422.430,25 EUR in 2018 and 1.980.010.534,61 EUR in 2017) and to a lesser extent, administrative buildings (49.245.721,25 EUR in 2018 and 50.727.247,69 EUR in 2017).

Carrying values of property, plant and equipment	31/12/2018	31/12/2017
Acquired through grants		
Land	42.812.426,24	41.480.434,62
Buildings	1.017.896.699,12	883.020.299,38
Railway infrastructure	62.309.099,24	53.985.941,82
Railway rolling stock	3.313.901.898,59	3.421.817.705,46
Plant and various equipment	252.370.030,79	188.822.940,04
Assets under construction	1.175.733.949,17	1.231.456.331,01
Total	5.865.024.103,15	5.820.583.652,33

As per 31 December 2018, 83,2 % (82,7 % in 2017) property, plant and equipment is funded by government grants which fully relate to the SNCB.

Note 7 - Investment property

7.1. Investment property

	Land	Buildings	Total
Carrying value at 1 January 2017	325.608.369,33	80.427.365,29	406.035.734,62
Acquisitions		1.279.109,61	1.279.109,61
Internally generated		237,29	237,29
Disposals	-212.505,89		-212.505,89
Transfer to:			
non-current assets held for sale	-1.722.266,31	-107.646,43	-1.829.912,74
intangible and tangible assets	501.411,27	34.395.383,40	34.896.794,67
other	236,87		236,87
Impairment losses	-2.610.435,88	-3.578,70	-2.614.014,58
Reversal of impairment losses	1.800.568,71		1.800.568,71
Depreciation		-7.884.518,49	-7.884.518,49
Carrying value at 31 December 2017	323.365.378,10	108.106.351,97	431.471.730,07
Carrying value at 1 January 2018	323.365.378,10	108.106.351,97	431.471.730,07
Acquisitions		1.480.679,37	1.480.679,37
Internally generated		5,289,00	5,289,00
Disposals	-34.043,84		-34.043,84
Transfer:			
non-current assets held for sale	-917.890,05	-536.954,53	-1.454.844,58
intangible and tangible assets	3.820.224,59	12.026.342,28	15.846.566,87
trade and other receivables	12.004.052,51	18.970.351,18	30.974.403,69
Impairment losses	-3.533.829,94		-3.533.829,94
Depreciation		-10.449.890,65	-10.449.890,65
Excess	323.857,22		323.857,22
Carrying value at 31 December 2018	335.027.748,59	129.602.168,62	464.629.917,21

In 2018, transfers of 15.846.566,87 EUR from tangible assets relate almost exclusively to SNCB and are the consequence of an analysis based on occupancy rates for own use of buildings as at 31 December 2018 (see Note 6.1. Property, plant and equipment).

Transfers from Trade and other receivables of 30.974.403,69 EUR include an amount of 29.718.359,32 EUR representing the assets of Eurostation recognized as Trade and other receivables (construction contract) in 2017 and that were transferred in the Investment properties in 2018.

	Land	Buildings	Total
At 31 December 2017			
Acquisition value	378.358.612,95	235.941.659,54	614.300.272,49
Accumulated amortization		-127.078.669,87	-127.078.669,87
Accumulated impairment losses	-54.993.234,85	-756.637,70	-55.749.872,55
Carrying value at 31 December 2017	323.365.378,10	108.106.351,97	431.471.730,07
At 31 December 2018			
Acquisition value	389.057.785,89	285.556.963,00	674.614.748,89
Accumulated amortization		-154.754.949,01	-154.754.949,01
Accumulated impairment losses	-54.030.037,30	-1.199.845,37	-55.229.882,67
Carrying value at 31 December 2018	335.027.748,59	129.602.168,62	464.629.917,21

As per 31 December 2018 the SNCB holds 99,9% (464.245.909,10 EUR of a total of 464.629.917,21 EUR).

7.2. Other information related to investment property

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

Carrying value of Investment properties	31/12/2018	31/12/2017
Acquired through grants		
<i>Land</i>	1.104.928,38	544.262,94
<i>Buildings</i>	94.813.608,11	92.384.804,44
Total	95.918.536,49	92.929.067,38

As per 31 December 2018, 20,6 % of the investment property is funded by government grants and is only related to the SNCB.

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

Recognized in income for the period ending	31/12/2018	31/12/2017
Rental income	21.022.152,74	22.389.289,32
Direct operating expenses	14.192.462,66	10.676.289,48

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

	31/12/2018			31/12/2017		
	Lands	Buildings and land equipments	Total	Lands	Buildings and land equipments	Total
Cost	208.099.388,62	220.025.571,15	428.124.959,77	211.387.907,73	215.299.453,69	426.687.361,42
Accumulated depreciation at 1 January	-22.069.308,72	-114.971.612,24	-137.040.920,96	-22.782.679,24	-109.287.446,42	-132.070.125,66
Depreciation of the year		-7.637.729,84	-7.637.729,84	-2.680,14	-6.994.082,40	-6.996.762,54
Carrying value at 31 December	186.030.079,90	97.416.229,07	283.446.308,97	188.602.548,35	99.017.924,87	287.620.473,22

Fair value of investment property

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

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

	Land	Buildings	Total
Fair value as at 31 December 2017	323.365.378,10	613.438.766,77	936.804.144,87
Fair value as at 31 December 2018	335.027.748,59	626.628.921,41	961.656.670,00

Note 8 - Interests under equity method

8.1 Interests under equity method

		31/12/2018	31/12/2017
	Notes		
Interests in joint ventures	8.2	5.848.055,52	5.614.940,36
Investments in associated companies	8.3	403.154.848,94	374.861.403,78
Carrying value		409.002.904,46	380.476.344,14

8.2 Interests in joint ventures

At 31 December 2018, the interests in joint ventures are as follows:

Name	Share in voting rights in %		Headquarters location	VAT/Company number	Activities
	31.12.2018	31.12.2017			
Belgian Mobility Card (*)	25,00	25,00	Brussels	BE 0822.658.483	Single transport ticket administrator
BeNe Rail International	50,00	50,00	Brussels	BE 0479.863.354	ICT (distribution international tickets)
K. EUR Development	50,00	50,00	Antwerp	BE 0651.617.195	Projects / studies real estate
Thalys International	30,00	28,00	Brussels	BE 0455.370.557	International transport

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

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

	31/12/2018	31/12/2017
Carrying value at beginning of period	5.614.940,36	7.654.800,43
Business Combinations		-973.266,02
Changes in scope:		
joined the scope of consolidation	62.419,18	
out of the scope of consolidation		-1.167.376,61
Share in the net result of Interests under equity method	170.696,01	406.230,38
Other variations:		
transfers to non-current assets held for sale		-305.447,82
roundings	-0,03	
Carrying value at end of period	5.848.055,52	5.614.940,36

In 2018, the change in the consolidation scope of 62.419,18 EUR is the result of the increase in the percentage of control of the SNCB Group in Thalys International (acquisition by SNCB and by Railtour of each one share in this company).

In 2017, the business combination of -973.266,02 EUR relates to the interest in Publifer as a result of the business combination achieved in stages.

The SNCB Group's share in the financial statements and net income of the joint ventures as per 31 December 2018 is as follows:

	31/12/2018				Total
	BeNe RI	KEUR Development	Belgian Mobility Card	Thalys International	
Financial statement position of companies using the equity method					
Current assets	12.463.631,21	153.896.382,48	2.131.760,92	6.530.438,34	175.022.212,95
Non-current assets	3.826.405,95	0,00	284.281,74	192.661,70	4.303.349,39
Current liabilities	-7.844.238,50	-153.420.053,46	-239.841,44	-3.449.039,13	-164.953.172,53
Net assets	8.445.798,66	476.329,02	2.176.201,22	3.274.060,91	14.372.389,81
Share in the financial statement position of companies using the equity method	4.222.899,33	238.164,51	404.773,43	982.218,27	5.848.055,52
WHICH:					
Additional information (IFRS 12)					
Cash & Cash Equivalents	6.542.654,30	3.899.543,52	1.944.958,51	4.900.931,53	17.288.087,86
Current financial liabilities					0,00
Non-current financial liabilities					0,00
Profit of investments accounted for using the equity method					
Income	26.076.612,80	0,00	1.638.175,18	14.166.984,66	41.881.772,64
Expenses	-25.997.159,19	-6.091,99	-1.399.671,71	-13.868.139,47	-41.271.062,36
Net Income	79.453,61	-6.091,99	238.503,47	298.845,19	610.710,28
Share of profit of investments accounted for using the equity method	39.726,80	-3.046,00	44.361,65	89.653,56	170.696,01
Other comprehensive income					0,00
WHICH:					
Additional information (IFRS 12)					
Additions to depreciation, amortization and impairment losses	2.220.775,73		103.047,20	12.791,61	2.336.614,54
Financial income	152,09			95,38	247,47
Financial charges	9.114,56	270,84	180,21	12.274,18	21.839,79
Taxes on net income			103.504,83	238.926,28	342.431,11

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

	31/12/2017				Total
	Be Ne RI	KEUR Development	Belgian Mobility Card	Thalys International	
Financial statement position of companies using the equity method					
Current assets	9.766.715,02	95.014.922,24	1.973.160,16	7.397.536,56	114.152.333,98
Non-current assets	5.096.362,30		321.328,94	497.246,05	5.914.937,29
Current liabilities	-6.496.732,27	-94.532.501,23	-356.791,35	-4.907.802,12	-106.293.826,97
Non-current liabilities				-22.175,00	-22.175,00
Net assets	8.366.345,05	482.421,01	1.937.697,75	2.964.805,49	13.751.269,30
Share in the financial statement position of companies using the equity method	4.183.172,53	241.210,51	360.411,78	830.145,54	5.614.940,36

WHICH:

Additional information (IFRS 12)

Cash & Cash Equivalents	2.471.246,44	1.673.322,18	1.714.408,96	4.333.298,03	10.192.275,61
Current financial liabilities					0,00
Non-current financial liabilities					0,00

Profit of investments accounted for using the equity method

Income	25.200.560,16		1.380.679,30	14.667.002,63	41.248.242,09
Expenses	-25.234.178,10	-11.861,55	-1.163.038,30	-14.370.427,34	-40.779.505,29
Net Income	-33.617,94	-11.861,55	217.641,00	296.575,29	468.736,80
Share of profit of investments accounted for using the equity method	-16.808,97	-5.930,78	40.481,23	83.041,08	100.782,56

Other comprehensive income

					0,00
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WHICH:

Additional information (IFRS 12)

Additions to depreciation, amortization and impairment losses	2.559.254,90		95.239,76	432.986,42	3.087.481,08
Financial income	316,56			1.351,60	1.668,16
Financial charges	17.028,00	3.390,55	323,15	12.369,50	33.111,20
Taxes on net income			111.888,76	283.640,27	395.529,03

8.3 Interests in associates

Name	Share in voting rights in%		Headquarters location	VAT/Company number	Activities
	31.12.2018	31.12.2017			
Eurofima Joint-Stock Cie (Swiss law)	9,80	9,80	Basel	-	Financing of rolling stock
Hasselt stationsomgeving	50,00	50,00	Hasselt	BE 0862.570.223	Projects / studies around Hasselt Station
HR Rail	(*) 20,00	20,00	Brussels	BE 0541.691.352	Personnel Management
Lineas Group	31,12	31,12	Brussels	BE0822.966.806	Freight
Optimobil Belgium	24,01	24,01	Brussels	BE 0471.868.277	Car rental
Railteam (Dutch law)	10,00	10,00	Amsterdam	NL 818547182B01	Alliance of European high speed rail operators
Terminal Athus	(**) 25,42	25,42	Athus	BE 0419.149.074	Logistics
THI Factory	40,00	40,00	Brussels	BE 0541.696.005	International transport

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

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

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

	31/12/2018	31/12/2017
Carrying value at beginning of period	374.861.403,78	349.844.419,12
out of the scope of consolidation		-718.457,25
Dividends paid	-788.716,94	-300.000,00
Share in the net result of Interests under equity method	26.614.764,42	26.732.501,12
Share in the other comprehensive income of interests under equity method	-37.700,32	-33.711,21
Other variations:		
transfers to non-current assets held for sale	2.687.107,99	-663.303,00
other	-182.010,00	-45,00
roundings	0,01	
Carrying value at end of period	403.154.848,94	374.861.403,78

In 2018, dividends of 788.716,94 EUR were paid by THI factory. The transfer of 2.687.107,99 EUR from non-current assets held for sale relates to the interest in Terminal Athus. Due to uncertainties regarding the possible sale of the interest in Terminal Athus, it reintegrates the heading of interests in associates. The amount of -182.010 EUR relates to the impact of the first application of IFRS 9 *Financial instruments* on Eurofima's equities on 1 January 2018 (application of a new model of impairment of financial assets).

The share of the SNCB Group in the statement of financial position and total comprehensive income of the relevant associates as per 31 December 2018 is:

	31/12/2018					
	Lineas Group (ex B Logistics)	HR Rail	THI Factory	Eurofima	Other Associates	Total
Financial statement position of companies using the equity method						
Current assets	159.670.972,91	369.055.288,44	172.236.867,69	1.953.395.549,04	16.398.005,19	2.670.756.683,27
Non-current assets	329.614.848,51	31.268.721,16	609.761.705,04	13.911.159.712,19	2.295.741,85	14.884.100.728,75
Current liabilities	-153.692.387,66	-329.349.930,79	-120.472.285,13	-114.016.738,45	-3.668.930,01	-721.200.272,04
Non-current liabilities	-118.910.909,94	-46.320.786,76	-4.842.206,50	-14.571.211.759,29	-700.474,56	-14.741.986.137,05
Net assets	(*) 216.682.523,82	24.653.292,05	656.684.081,10	1.179.326.763,49	14.324.342,47	2.091.671.002,93
Share in the financial statement position of companies using the equity method	67.441.431,74	12.080.113,10	262.673.632,44	107.919.101,10	3.938.921,53	454.053.199,91

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

WHICH:

Additional information (IFRS 12)

Cash & Cash Equivalents	22.243.815,02	130.470.195,34	82.622.827,96	1.941.889.787,32	8.328.489,32	2.185.555.114,96
Current financial liabilities	7.918.460,97	63.888.364,77			76.813,08	71.883.638,82
Non-current financial liabilities	105.608.523,16			13.945.239.642,55	477.280,78	14.051.325.446,49

Profit of investments accounted for using the equity method

Income	527.285.478,23	1.999.938.225,07	518.395.646,44	559.960.621,97	26.620.626,26	3.632.200.597,97
Expenses	-518.755.127,30	-1.999.153.316,55	-463.891.742,57	-548.184.813,71	-24.129.760,44	-3.554.114.760,57
Net Income	8.530.350,93	784.908,52	54.503.903,87	11.775.808,26	2.490.865,82	78.085.837,40
Share of profit of investments accounted for using the equity method	2.654.645,21	384.605,17	21.801.561,55	1.154.029,16	619.923,33	26.614.764,42

Other comprehensive income

		105.848,89		-1.233.685,20		-1.127.836,31
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WHICH:

Additional information (IFRS 12)

Additions to depreciation, amortization and impairment losses	38.247.536,14	8.845.923,02	36.064.479,17	216.436,00	794.093,41	84.168.467,74
Financial income	108.567,55	7.529.173,67	68.894,46	550.269.483,63	61.756,58	558.037.875,89
Financial charges	4.714.725,09	703.653,22	368.041,07	536.995.030,88	14.762,99	542.796.213,25
Taxes on net income	-179.181,18	839.947,87	26.107.564,85		884.823,56	27.653.155,10

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

	31/12/2017					
	Lineas Group (ex B Logistics)	HR Rail	THI Factory	Eurofima	Autres Entreprises associées	Total
Financial statement position of companies using the equity method						
Current assets	146.771.470,82	486.918.275,71	121.962.665,80	1.552.521.291,15	1.920.564,75	2.310.094.268,23
Non-current assets	310.992.838,17	40.530.401,96	613.011.220,85	15.452.601.833,71	141.920,75	16.417.278.215,44
Current liabilities	-127.467.255,97	-451.108.965,44	-121.195.151,56	-22.048.908,96	-439.473,33	-722.259.755,26
Non-current liabilities	-122.113.292,13	-52.577.177,59	-9.626.765,51	-15.855.454.214,72		-16.039.771.449,95
Net assets	208.183.760,89	23.762.534,64	604.151.969,58	1.127.620.001,18	1.623.012,17	1.965.341.278,46
Share in the financial statement position of companies using the equity method	64.786.786,52	11.643.641,97	241.660.787,83	107.036.648,22	631.890,22	425.759.754,76

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

WHICH:

Additional information (IFRS 12)

Cash & Cash Equivalents	22.303.590,35	185.621.145,25	27.765.645,56	1.545.593.563,10	1.414.218,69	1.782.696.162,95
Current financial liabilities		88.568.242,35				88.568.242,35
Non-current financial liabilities				15.075.269.537,76		15.075.269.537,76

Profit of investments accounted for using the equity method

Income	542.972.051,61	1.993.038.685,65	503.417.513,48	562.559.726,57	1.686.298,87	3.603.674.276,18
Expenses	-510.748.880,01	-1.992.120.977,02	-467.409.809,96	-550.621.310,48	-1.531.515,19	-3.522.432.492,66
Net income	32.223.171,60	917.708,63	36.007.703,52	11.938.416,09	154.783,68	81.241.783,52
Share of profit of investments accounted for using the equity method	10.027.851,00	449.677,23	14.403.081,41	1.169.965,24	38.067,01	26.088.641,89

Other comprehensive income

		-73.087,42		654.196,77		581.109,35
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WHICH:

Additional information (IFRS 12)

Additions to depreciation, amortization and impairment losses	35.030.307,52	9.011.407,00	32.176.196,49	583.107,98	2.323,53	76.803.342,52
Financial income	85.432,98	7.625.279,52	3.447,32	551.170.223,86	44.065,84	558.928.449,52
Financial charges	5.158.514,67	742.794,42	203.749,10	535.992.318,98	3.817,22	542.101.194,39
Taxes on net income	-175.220,16	1.035.552,23	16.197.518,60		56.572,54	17.114.423,21

Note 9 – Trade and other receivables

9.1 Trade and other receivables

		Gross amount	31/12/2018 Impairment	Net amount	Gross amount	31/12/2017 Impairment	Net amount
Notes							
Non-current							
Trade receivables		702.390,97	0,00	702.390,97	8.316.781,92	0,00	8.316.781,92
Receivables on public authorities	35			0,00	1.404.781,92		1.404.781,92
Other trade receivables		702.390,97		702.390,97	6.912.000,00		6.912.000,00
Other receivables		718.418.111,72	-36.123,52	718.381.988,20	749.120.648,67	0,00	749.120.648,67
Receivables on public authorities	35	615.498.757,69		615.498.757,69	648.156.525,62		648.156.525,62
Deferred charges		4.580,83		4.580,83	5.040,83		5.040,83
Accrued income		-118.742,62		-118.742,62	1,32		1,32
Finance lease receivables	9.3	94.700.679,16	-36.123,52	94.664.555,64	100.353.579,50	0,00	100.353.579,50
Other receivables		8.332.836,66		8.332.836,66	605.501,40		605.501,40
Total (non-current)		719.120.502,69	-36.123,52	719.084.379,17	757.437.430,59	0,00	757.437.430,59
Current							
Trade receivables		669.174.499,14	-12.374.354,90	656.800.144,24	779.657.290,57	-8.193.021,47	771.464.269,10
Amounts relating to construction contracts	10	3.371.481,90		3.371.481,90	82.832.054,33		82.832.054,33
Receivables on public authorities	35	478.850.084,09		478.850.084,09	505.924.318,84	-28.376,71	505.895.942,13
Other trade receivables		186.952.933,15	-12.374.354,90	174.578.578,25	190.900.917,40	-8.164.644,76	182.736.272,64
Other receivables		683.614.990,77	-3.023.323,13	680.591.667,64	679.814.068,72	-313.541,79	679.500.526,93
Receivables on public authorities	35	106.433.796,89		106.433.796,89	67.464.824,75		67.464.824,75
Deferred charges		125.471.921,21		125.471.921,21	129.005.534,23		129.005.534,23
Accrued income		16.473.138,98		16.473.138,98	22.714.648,59		22.714.648,59
Finance lease receivables	9.3	5.103.207,46		5.103.207,46	4.977.883,19		4.977.883,19
Other receivables		430.132.926,23	-3.023.323,13	427.109.603,10	455.651.177,96	-313.541,79	455.337.636,17
Total (current)		1.352.789.489,91	-15.397.678,03	1.337.391.811,88	1.459.471.359,29	-8.506.563,26	1.450.964.796,03

Of which:

	31/12/2018	31/12/2017
Non-current		
SNCB	719.076.659,59	749.093.164,66
Eurostation Group	0,00	8.339.921,35
Other subsidiaries	7.719,58	4.344,58
Carrying value	719.084.379,17	757.437.430,59
Current		
SNCB	1.323.282.205,61	1.342.955.235,23
Eurostation Group	0,00	87.989.019,19
Other subsidiaries	14.109.606,27	20.020.541,61
Carrying value	1.337.391.811,88	1.450.964.796,03

Trade and other receivables mainly consist of receivables towards the public authorities (such as the Belgian state and its regions) and amount to 1.200.782.638,67 EUR (2017: 1.222.922.074,42 EUR) of which 1.200.387.618,67 EUR (2017: 1.217.947.957,25 EUR) is related to the SNCB. This type of receivables results from grants received in the context of:

- the management contract: 478.455.064,09 EUR concerning operating grants and 36.488.000,00 EUR concerning investment grants;
- special investment financing contracts for EUR 618.324.115,77 including RER equipment: 376.576.842,23 EUR; HLE 18: 106.434.986,21 EUR; Desiro: 86.399.795,32 EUR; Te Kort TGV: 48.912.492,01 EUR;
- priority regional projects: Station of Mons: 21.915.305,31 EUR and SPV LLN: 27.662.863,91 EUR. Since the Management Authority considers that the subsidies under the SPV LLN contracts are virtually certain, the SNCB Group accounts for these receivables, as well as the related investment grants, in the statement of financial position.
- public interventions other than the State for EUR 15.476.912,25

This section also includes other current receivables of the SNCB amounting to 313.867.049,29 EUR (2017: 309.239.368,00 EUR) and relating to the cash-guarantees paid following the Credit Support Annexes agreements with financial institutions.

9.2 Write-downs on trade and other receivables

The total nominal amount of trade and other receivables is subject to impairment. Write-downs on trade and other receivables amount to EUR 15.433.801,55 (EUR 8.506.563,26) as per 31 December 2018 (31 December 2017). Movements in the provision for impairment of trade and other receivables are as follows:

		31/12/2018	31/12/2017
	Notes		
Impairment on non-current trade and other receivables			
At 1 January		0,00	-1.291.065,97
Impact 01/01/2018 first application IFRS 9		-18.467,18	
Write down s	27	-17.656,34	0,00
Reversal of w rite dow ns	27		1.291.065,97
At 31 December		-36.123,52	0,00
		31/12/2018	31/12/2017
Impairment on current trade and other receivables			
At 1 January		-8.506.563,26	-17.194.261,38
Impact 01/01/2018 first application IFRS 9		-4.473.506,83	
Write down s	27	-11.795.559,72	-15.544.807,77
Use of w rite dow ns on irrecoverable receivables		1.350.629,76	7.551.886,77
Reversal of w rite dow ns	27	7.521.099,93	16.099.711,38
Other		506.222,09	580.907,74
At 31 December		-15.397.678,03	-8.506.563,26

Pursuant to IFRS 9, a new impairment model based on the assessment of expected credit losses was applied to Trade and other receivables. Its impact on the SNCB Group's equity on 1 January 2018 is 4.491.974,01 EUR.

The other movements of 2018 relate to the transfer of write downs on trade and other receivables 2018 of Blue Mobility to non-current assets held for sale prior to its actual sale at the end of August 2018.

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

9.3 Financial lease receivables

	Less than one year	More than one year and less than five years	More than five years	Total
Net investments at 31/12/2018				
Future minimum payments	8.473.835,85	33.895.343,42	104.942.987,91	147.312.167,18
Unearned financial income	-3.370.628,39	-12.592.870,75	-31.580.904,94	-47.544.404,08
Total	5.103.207,46	21.302.472,67	73.362.082,97	99.767.763,10
Net investments at 31/12/2017				
Future minimum payments	8.557.694,27	34.230.777,10	113.525.689,71	156.314.161,08
Unearned financial income	-3.579.811,08	-13.481.294,75	-33.921.592,56	-50.982.698,39
Total	4.977.883,19	20.749.482,35	79.604.097,15	105.331.462,69

The financial lease receivables of 99.767.763,10 EUR as per 31 December 2018 are exclusively related to the SNCB and include the lease agreements with Lineas Group, as well as the long-term (99 years) leases with third parties for land and buildings. The non-guaranteed residual values attributable to SNCB under finance leases amounted to 4.615.407,76 EUR (4.957.137,53 EUR) as at 31 December 2018 (2017).

Note 10 – Assets and liabilities resulting from contracts with customers

		31/12/2018	31/12/2017
	Notes		
Gross amounts due from customers for construction contracts	9	3.371.481,90	82.832.054,33
Advances received from customers for construction contracts	23	35.229.191,23	26.325.031,36

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

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

		31/12/2018	31/12/2017
	Note		
Aggregate amount of: Incurred costs		79.175.520,95	193.600.099,39
Recognized gains / losses		361.449,48	1.137.258,39
Amounts written down / impairments recorded		-0,01	-11.454.377,72
Aggregate amount of: Interim invoicing		-76.165.488,52	-100.450.925,73
Gross amounts due from customers for construction contracts		3.371.481,90	82.832.054,33
	Long-term	9.1	0,00
	Short-term	9.1	3.371.481,90
			82.832.054,33

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'.

		31/12/2018	31/12/2017
	Note		
Aggregate amount of: Costs incurred		35.094.723,05	1.402.549,31
Recognised profits (losses)		399.628,79	689.012,85
Impairment losses recognised		-962.757,44	0,00
Aggregate amount of: Progress billings		-36.890.724,83	-8.076.711,18
Gross amounts due to customers for construction contracts	23	2.359.130,43	5.985.149,02

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

		31/12/2018	31/12/2017
	Note		
Advances received		141.395.910,78	119.650.000,00
Capitalized interest		2.090.420,93	2.090.420,93
Aggregate amount of: Costs incurred		-110.616.270,91	-101.400.538,09
Advances received from customers for construction contracts	23	32.870.060,80	20.339.882,84

Revenues from contracts recognized in the net result 2018 (turnover) amount to 9.246.678,58 EUR (4.224.676 EUR in 2017).

The assets of Eurostation that used to classify in this category in 2017 were reclassified: 11.039.002,68 EUR in tangible assets, 29.718.359,32 EUR in investment property and 31.870.634,50 EUR in non-current assets held for sale.

In the table below, unfulfilled performance obligations from contracts with customers:

EUR	31/12/2018	31/12/2017
Cumulative amount of transaction price assigned to performance obligations partially or wholly unsatisfied at	118.852.748,11	109.875.637,00

These amounts are exclusively related to the revenues from the traffic.

The SNCB Group expects that the transaction price for unfulfilled obligations at 31 December 2018 will be recognized in the revenues of the year 2019.

Note 11 - Derivatives

11.1. Derivates by category

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

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

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

Derivatives		31/12/2018			Total
Assets	Nominal	Fair value adjustments	Accrued income		
Derivatives used for cash flow management	148.892.283,93	118.726.614,43	0,00	267.618.898,36	
Interest rate sw aps	149.122.834,75	100.976.717,18	0,00	250.099.551,93	
Currency sw aps	-230.550,82	17.749.897,25	0,00	17.519.346,43	
Commodity sw aps	0,00	0,00	0,00	0,00	
Inflation sw aps	0,00	0,00	0,00	0,00	
Other derivatives	0,00	0,00	0,00	0,00	
Other	0,00	0,00	0,00	0,00	
Total (non-current)	148.892.283,93	118.726.614,43	0,00	267.618.898,36	
Derivatives used for cash flow management	0,00	122.703,95	21.438,80	144.142,75	
Interest rate sw aps	0,00	0,00	0,00	0,00	
Currency sw aps	0,00	0,00	0,00	0,00	
Commodity sw aps	0,00	122.703,95	21.438,80	144.142,75	
Inflation sw aps	0,00	0,00	0,00	0,00	
Other derivatives	0,00	0,00	0,00	0,00	
Other	0,00	0,00	0,00	0,00	
Total (current)	0,00	122.703,95	21.438,80	144.142,75	
Liabilities	Nominal	Fair value adjustments	Accrued income	Total	
Derivatives used for cash flow management	-186.947.345,83	-215.563.922,05	511.033,53	-402.000.234,35	
Interest rate sw aps	-159.197.739,75	-197.827.505,33	-751.972,97	-357.777.218,05	
Currency sw aps	-27.749.606,08	-13.618.804,65	1.263.006,50	-40.105.404,23	
Commodity sw aps	0,00	0,00	0,00	0,00	
Inflation sw aps	0,00	-4.117.612,07	0,00	-4.117.612,07	
Other derivatives	0,00	0,00	0,00	0,00	
Other	0,00	0,00	0,00	0,00	
Total (non-current)	-186.947.345,83	-215.563.922,05	511.033,53	-402.000.234,35	
Derivatives used for cash flow management	0,00	-2.791.352,11	-10.112.493,28	-12.903.845,39	
Interest rate sw aps	0,00	-2.307.729,07	-10.245.639,03	-12.553.368,10	
Currency sw aps	0,00	0,00	601.760,07	601.760,07	
Commodity sw aps	0,00	-483.623,04	-3.019,20	-486.642,24	
Inflation sw aps	0,00	0,00	-465.595,12	-465.595,12	
Other derivatives	0,00	0,00	0,00	0,00	
Other	0,00	0,00	0,00	0,00	
Total (current)	0,00	-2.791.352,11	-10.112.493,28	-12.903.845,39	

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

Following the debt assumption by the Belgian State on 1 January 2005 several 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 121.120.950,04 EUR as at 31 December 2018 (110.585.179,48 EUR as at 31 December 2017).

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

11.2. Changes in derivatives

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

	Changes in derivatives								31/12/2018
	31/12/2017	Net payments of nominal amounts	Net interest payments	Net other payments	Net interest expense	Other net expenses	Exchange impact	Adjustments to fair value	
Interest rate sw aps	-131.280.534,13	1.479.535,88	31.129.987,32	0,00	-30.826.086,17	0,00	0,00	9.266.062,88	-120.231.034,22
Currency sw aps	-15.582.368,42	942.214,42	-374.849,70	0,00	788.462,01	0,00	2.530.455,01	-10.288.211,05	-21.984.297,73
Commodity sw aps	397.963,61	0,00	0,00	-645.896,30	0,00	628.895,87	0,00	-723.462,67	-342.499,49
Inflation sw aps	-5.553.919,03	0,00	0,00	716.820,91	0,00	-741.012,05	0,00	994.902,98	-4.583.207,19
Total	-152.018.857,97	2.421.750,30	30.755.137,62	70.924,61	-30.037.624,16	-112.116,18	2.530.455,01	-750.707,86	-147.141.038,63

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

Note 12 - Other financial assets

12.1 General information

The other financial assets include investments in equity instruments of companies over which the SNCB Group exercises neither an authority nor significant influence and the receivables with interests (fixed income investments, deposits and Back to Back transactions with the State). Details on the different categories within other financial assets separately for current and non-current, as well as a description of the various associated risks can be found in note 2.

12.2 Financial assets measured at fair value with recognition of the changes in the fair value in the other comprehensive income

The table below presents the movements in the years 2018 and 2017 of the financial assets measured at fair value with recognition of the changes in the fair value in other comprehensive income. At 31 December 2018 and 2017, they concern exclusively equity instruments:

	2018		2017	
	Equity instruments	Total	Equity instruments	Total
At 1st of January	51.885.762,55	51.885.762,55	51.274.180,31	51.274.180,31
Disposals	0,00	0,00	-8.151,62	-8.151,62
Dividends	585.991,75	585.991,75	9.523,20	9.523,20
Dividends received	-585.991,75	-585.991,75	-9.523,20	-9.523,20
Impairment losses through other comprehensive income	-619.733,86	-619.733,86	0,00	0,00
Transfer to/from another balance sheet item	0,00	0,00	619.733,86	619.733,86
At 31st of December	51.266.028,69	51.266.028,69	51.885.762,55	51.885.762,55
Of which				
Non-current	51.266.028,69	51.266.028,69	51.885.762,55	51.885.762,55
Current	0,00	0,00	0,00	0,00

Following equity instruments are included in the other financial assets of the SNCB Group:

Name	2018	2017	Location of head office
	% of votingrights		
ICRRL (*)	14,99%	14,99%	Birmingham (UK)
Bureau Central de Clearing	4,76%	4,76%	Brussel
Eurostar International Ltd.	5,00%	5,00%	London (UK)
Hit Rail	8,00%	8,00%	Tiel (NL)
Transurb	10,00%	10,00%	Brussel

(*) sleeping company

The SNCB Group has made the non-revocable choice of valuing its equity instruments included in the heading of other financial assets at fair value with the recognition of changes in value in other comprehensive income.

In 2018, the SNCB Group has adjusted its participation of 10% in Transurb at the fair value (-619.733,86 EUR). SNCB has an option to sell these 10% to the majority shareholder. In 2018, on the basis of the EBIT 2017, of the forecast EBIT of 2018 and of a budgeted EBIT 2019, the option has no more value for the SNCB.

The SNCB Group has not received any additional information that could question the existing value of the other equity instruments.

12.3 Financial assets pledged

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

	31/12/2018				31/12/2017			
	Nominal	Fair value adjustments	Accrued income	TOTAL	Nominal	Fair value adjustments	Accrued income	TOTAL
	<u>Note</u>							
Non-current								
Pledged as collateral	184.153.058,68	1.636.888,05	920.828,86	186.710.775,59	182.596.364,03	3.004.695,28	878.452,69	186.479.512,00
Not pledged	127.381.468,03	248.659,73	6.640.344,75	134.270.472,51	115.669.612,78	548.178,22	5.928.446,59	122.146.237,59
Not part of cross-border leasing	18.969.728,15	-20.866,70	0,00	18.948.861,45	48.982.023,14	0,00	1.748.077,14	50.730.100,28
Total non-current	330.504.254,86	1.864.681,08	7.561.173,61	339.930.109,55	347.247.999,95	3.552.873,50	8.554.976,42	359.355.849,87
Current								
Pledged as collateral	7.355.198,37	0,00	88.218,52	7.443.416,89	9.373.802,23	0,00	73.550,76	9.447.352,99
Not pledged	0,00	0,00	387.251,32	387.251,32	0,00	0,00	251.075,50	251.075,50
Not part of cross-border leasing	0,00	0,00	1.271,50	1.271,50	0,00	0,00	39.043,62	39.043,62
Total current	7.355.198,37	0,00	476.741,34	7.831.939,71	9.373.802,23	0,00	363.669,88	9.737.472,11
Total receivables	337.859.453,23	1.864.681,08	8.037.914,95	347.762.049,26	356.621.802,18	3.552.873,50	8.918.646,30	369.093.321,98
Of which								
part of cross-border leasing	33	318.889.725,08	1.885.547,78	8.036.643,45	307.639.779,04	3.552.873,50	7.131.525,54	318.324.178,08
not part of cross-border leasing		18.969.728,15	-20.866,70	1.271,50	48.982.023,14	0,00	1.787.120,76	50.769.143,90

Note 13 - Inventories

13.1 Inventories

EUR	31/12/2018	31/12/2017
Goods, supplies and parts for rolling stock	212.647.754,16	206.295.318,34
Raw materials	2.528.898,09	3.130.411,74
Work in progress	2.528.412,78	1.989.114,08
Finished goods		
Carrying value	217.705.065,03	211.414.844,16
Of which		
Carrying value expected to be recovered within 12 months	109.723.130,00	81.049.698,53
Carrying value expected to be recovered in more than 12 months	107.981.935,03	130.365.145,63

These are mainly exclusively the SNCB's inventories (217.622.394,52 EUR). There are no inventories carried at fair value less costs to sell.

13.2 Impairment of inventories – impact on net result

		31/12/2018	31/12/2017
	Notes		
Beginning of period		-136.288.880,74	-128.464.487,73
Increase in impairment of inventories	27	-11.951.988,81	-11.417.062,38
Cancelling of impairment losses on inventories because irrecoverable		9.590.156,32	789.322,44
Reversal of impairment of inventories	27	90.366,70	
Inventories transferred to property, plant and equipments			2.791.706,59
Other movements			11.640,34
At the end of the period		-138.560.346,53	-136.288.880,74

The impairments of inventories amount to 11.861.622,11 EUR (11.417.062,39 EUR) in 2018 (2017) and were recognised at the SNCB in net result. For parts relating to rolling stock, the impairments recorded are based on the depreciation rate of the rolling stock to which they relate. An impairment of consumables is only recognized if the inventory turnover does not occur for at least one year. The percentage for impairment applied is determined based on the known rate of inventory turnover.

13.3 Inventories recognised in net result

	31/12/2018	31/12/2017
Purchases	-130.821.680,61	-120.045.955,08
Changes in	22.493.009,61	19.036.007,56
<i>Goods purchased for resale and supplies</i>	22.559.066,32	19.502.431,84
<i>Raw materials</i>	-601.966,31	-342.583,06
<i>Work in progress</i>	535.909,60	-123.841,22
Impact on net result	-108.328.671,00	-101.009.947,52
<i>Of which included in turnover</i>	535.909,60	-123.841,22

Note 14 - Cash and cash equivalents

14.1 Cash and cash equivalents

		31/12/2018	31/12/2017
	Note		
Cash and cash equivalents			
Short-term deposits and commercial paper		122.584.464,28	180.743.277,62
Cash at bank		166.919.110,00	205.548.645,91
Cash in hand		2.057.845,55	2.516.887,46
Total		291.561.419,83	388.808.810,99
Cash and cash equivalents as in the statement of cash flows			
Bank overdrafts	20.1	0,00	0,00
		291.561.419,83	388.808.810,99

Of which:

	31/12/2018	31/12/2017
SNCB	289.765.580,14	387.871.842,90
Other subsidiaries	1.795.839,69	936.968,09
Carrying value	291.561.419,83	388.808.810,99

The restricted amount of cash and cash equivalents for the SNCB Group amounts to 121.255.260,59 EUR (180.743.286,70 EUR) as per 31 December 2018 (2017) and includes investments invested under the RER fund on behalf of the Belgian State ("fund managed on behalf of third parties"). As explained in note 2. Capital management, the RER fund was created by the Belgian State in 2001 to finance the investments to be done for the creation of the "Regional Express Network" (RER). In the management contract of the former SNCB Holding for the years 2005 - 2008, the Belgian State has delegated the management of the resources available in the RER fund to SNCB. All the resources of which management is transferred to SNCB are considered by the SNCB Group as a debt to the public authorities (included in "Other amounts payables").

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

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

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

Non-current assets held for sale and liabilities directly associated	31/12/2018	31/12/2017
Assets	47.908.292,79	29.818.367,45
Liabilities	0,00	371.353,34

Non-current assets held for sale as per **31 December 2018** relate to:

	31/12/2018
Intangible assets	120.000,00
Property, plant and equipment	44.712.440,47
Investment property	3.075.852,32
	47.908.292,79

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

	31/12/2017
Intangible assets	120.000,00
Property, plant and equipment	22.154.699,76
Investment property	3.867.836,76
Blue Mobility	617.369,61
Equity value Terminal Athus	2.687.107,98
	29.447.014,11

The equity value of Terminal Athus (2.687.107,98 EUR) is classified as a non-current asset held for sale at 31 December 2017. Due to uncertainties regarding the possible sale of this interest, it reintegrates the heading of interests in associates at 31 December 2018 (Note 8.3. Interests in associates).

The company Blue Mobility of which B-Parking owns 51,83% of the capital is classified as a non-current asset held for sale and associated liabilities at 31 December 2017 and until its sale (out of the Group) at the end of August 2018. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Blue Mobility's fair value is 250.000 EUR. This value corresponds to the selling price. This fair value is lower than the SNCB Group's share in the Blue Mobility's net assets and an impairment of 87.988,05 EUR was recognized in order to reduce the carrying value to the fair value prior to its sale.

Movements of non-current assets held for sale (excluding Blue Mobility and Terminal Athus using the equity method) as at 31 December 2018 are as follows:

	Intangible assets	Property, plant and equipment	Investment property	Total
Carrying value at 1 January 2017	120.000,00	27.590.840,32	4.127.154,58	31.837.994,90
Excess			413.892,00	413.892,00
Transfer during period :				
Cost		49.453.643,73	2.174.775,78	51.628.419,51
Accumulated impairment		-12.033.547,69	-64.215,27	-12.097.762,96
Accumulated depreciation		-35.736.371,78	-280.647,77	-36.017.019,55
Disposal during period:				
Cost		-37.749.673,01	-2.865.803,25	-40.615.476,26
Accumulated impairment		12.208.429,91	43.992,99	12.252.422,90
Accumulated depreciation		21.434.572,54	368.156,18	21.802.728,72
Transfer during period (-)		49.468,48	-49.468,48	0,00
Transfer - other		624,13		624,13
Impairment after transfer to this section				
Increase		-3.063.286,87		-3.063.286,87
Carrying value at 31 December 2017	120.000,00	22.154.699,76	3.867.836,76	26.142.536,52
Carrying value at 1 January 2018	120.000,00	22.154.699,76	3.867.836,76	26.142.536,52
Excess		30.890,87	398,97	31.289,84
Transfer during period :				
Cost		48.828.363,88	1.310.818,37	50.139.182,25
Accumulated impairment		-3.972.135,05	-1.314.240,49	-5.286.375,54
Accumulated gain		1.992.050,50	2.969.370,79	4.961.421,29
Accumulated depreciation		-11.049.875,34	-208.139,38	-11.258.014,72
Disposal during period:				
Cost		-79.883.517,17	-1.951.625,55	-81.835.142,72
Accumulated impairment		28.046.629,69	1.397.076,01	29.443.705,70
Accumulated gain		-6.123.626,29	-3.349.682,28	-9.473.308,57
Accumulated depreciation		45.506.955,66	405.950,26	45.912.905,92
Impairment after transfer to this section				
Increase		-817.996,04	-51.911,14	-869.907,18
Carrying value at 31 December 2018	120.000,00	44.712.440,47	3.075.852,32	47.908.292,79

Transfers from 2018 to non-current assets held for sale relate exclusively to SNCB and relate to investment properties and buildings that were transferred to this heading following the decision to sell them. They also include an amount of 31.870.634,55 EUR relating to tangible assets of Eurostation that were transferred from the Trade and other receivables (construction contracts) to this heading.

In 2018, SNCB has sold the land and the buildings of the site Courgette in Namur and the assets in Ghent Fabiolalaan.

	Immateriële vaste activa	Materiële vaste activa	Vastgoed-beleggingen	Totaal
As at 31 December 2017				
Cost	750.000,00	149.536.753,12	4.327.545,96	154.614.299,08
Accumulated impairment		-20.970.662,56	-82.174,18	-21.052.836,74
Accumulated depreciation	-630.000,00	-87.639.495,72	-246.944,78	-88.516.440,50
Impairment after transfer to this section		-18.771.895,08	-130.590,24	-18.902.485,32
Carrying value at 31 December 2017	120.000,00	22.154.699,76	3.867.836,76	26.142.536,52
As at 31 December 2018				
Cost	750.000,00	117.128.159,95	3.306.826,26	121.184.986,21
Accumulated impairment		-3.279.511,62	-36,00	-3.279.547,62
Accumulated depreciation	-630.000,00	-55.929.660,44	-49.133,90	-56.608.794,34
Impairment after transfer to this section		-13.206.547,42	-181.804,04	-13.388.351,46
Carrying value at 31 December 2018	120.000,00	44.712.440,47	3.075.852,32	47.908.292,79

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

	31/12/2018	31/12/2017
Dotations aux pertes de valeur	-957.895,23	3.063.286,87
Moins-values sur cessions	-1.463.930,86	-1.351.504,06
Plus-values sur cessions	14.047.667,73	8.108.372,69

The allocations and reversals of impairment losses for the period are recorded in the annual accounts under "Other operating expenses". Gains and losses for the period are recorded in the annual accounts under "Other operating income" and "Other operating expenses". They include the gains and losses generated by sales of SNCB rolling stock and mainly following sales of land and buildings of SNCB.

Note 16 – Business combinations

In 2018, there were no business combination in the SNCB Group.

Note 17 - Share capital

Movements of capital are as follows:

	Common shares	Dividend-right share	Total
At 31 December 2018			
CAPITAL			
Subscribed amount (EUR)	249.022.345,57	0,00	249.022.345,57
Number of shares	1.053.611.251	20.000.000	1.073.611.251
At 31 December 2017			
CAPITAL			
Subscribed amount (EUR)	249.022.345,57	0,00	249.022.345,57
Number of shares	1.053.611.251	20.000.000	1.073.611.251

The share capital of SNCB is composed of:

- 333.754.509 ordinary shares with a par value of EUR 2,47893525 each, allocated to the Belgian State;
- 719.856.742 ordinary shares with a par value of EUR 3,09866906 each, allocated to the Belgian State;
- 20.000.000 dividend-right shares of which 16.615.153 are held by the Belgian State and 3.384.847 are held by private shareholders. Following the law on the dematerialization of bearer securities, since 2016, bearer securities whose holders have not made themselves known have been deposited to the “Caisse de Dépôt et de Consignation”. On 1 January 2026, unclaimed titles will be attributed to the State.

Each share issued by the Company entitles its holder to one vote at the general meeting. The state directly and indirectly owns 99.97% of the voting rights.

Note 18 - Consolidated reserves

EUR	Changes in fair value via other comprehensive income	Exchanges differences	Net results carried forward	Total consolidated reserves
At 1 January 2017	-2.919.807,82	37.883,77	-606.754.922,50	-609.636.846,55
Net income 2017	0,00	0,00	95.892.311,92	95.892.311,92
<i>Consolidated entities</i>	0,00	0,00	68.752.022,52	68.752.022,52
<i>Interests under equity method</i>	0,00	0,00	27.140.289,40	27.140.289,40
Other comprehensive income 2017	64.816,80	-62.009,69	5.733.526,33	5.736.333,44
<i>Consolidated entities</i>	0,00	0,00	5.770.044,65	5.770.044,65
<i>Interests under equity method</i>	64.816,80	-62.009,69	-36.518,32	-33.711,21
Total comprehensive income 2017	64.816,80	-62.009,69	101.625.838,25	101.628.645,36
Other movements in equity			-300.000,00	-300.000,00
Roundings			1,10	1,10
At 31 December 2017	-2.854.991,02	-24.125,92	-505.429.083,15	-508.308.200,09
At 1 January 2018	-2.854.991,02	-24.125,92	-505.429.083,15	-508.308.200,09
Impact of change in accounting policies (IFRS 9)			-4.438.168,94	-4.438.168,94
Restated consolidated reserves at 01/01/2018	-2.854.991,02	-24.125,92	-509.867.252,09	-512.746.369,03
Net income 2018	0,00	0,00	14.308.245,54	14.308.245,54
<i>Consolidated entities</i>			-12.477.145,08	-12.477.145,08
<i>Interests under equity method</i>			26.785.390,62	26.785.390,62
Other comprehensive income 2018	-181.648,02	31.334,44	7.887.226,78	7.736.913,20
<i>Consolidated entities</i>			7.774.613,52	7.774.613,52
<i>Interests under equity method</i>	-181.648,02	31.334,44	112.613,26	-37.700,32
Total comprehensive income 2018	-181.648,02	31.334,44	22.195.472,32	22.045.158,74
Change in the consolidation scope			-122.204,27	-122.204,27
Roundings			0,16	0,16
At 31 December 2018	-3.036.639,04	7.208,52	-487.793.983,88	-490.823.414,40

The amount of -4.438.168,94 EUR represents the impact of the first application of the IFRS 9 *Financial instruments* standard on the SNCB Group's equity at 1 January 2018.

The changes in fair value via other comprehensive income and the exchanges differences relate to Eurofima which is accounted for using the equity method in the consolidated financial statements 2018 and 2017.

Note 19 - Employee benefits

19.1 Summary of employee benefits obligations

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

	31/12/2018	31/12/2017
Liability in the statement of financial position		
Post-employment benefits	297.108.794,49	299.435.527,38
Other long-term benefits	94.861.265,15	88.682.316,69
Termination benefits	17.782.113,29	19.726.307,21
Short-term benefits (holidays only)	41.233.185,55	41.674.885,51
Total liability in the statement of financial position	450.985.358,48	449.519.036,79
- current	121.604.864,42	123.444.735,57
- non-current	329.380.494,06	326.074.301,22

The liabilities related to employee benefits at 31 December 2018 relate exclusively to SNCB. At 31 December 2017 they also included an obligation of Eurostation concerning termination benefits (42.393,63 EUR).

19.2 Description of the employee benefits

19.2.1 Post-employment benefits

SNCB operates following post-employment benefit plans:

1. *Employer contributions to the Social Solidarity Fund*

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

2. *Hospitalisation insurance*

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

3. *Benefits in case of a work accident*

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

4. *Employer contributions to the union fund*

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

5. *Pension plans*

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

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

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

19.2.2 *Other long-term employee benefits*

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

1. *Jubilee premiums*

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

2. *Additional holidays in function of age*

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

3. *Availability leave*

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

4. *Credit days*

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

5. Loyalty premiums for train drivers

Since 2018, a loyalty premium has been granted to the train drivers in service when the seniority of service reaches 18 years. For this new benefit, the SNCB Group has accounted for a past service cost.

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

19.2.3 Termination benefits

The following termination benefits are granted to the employees:

Partial career break

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

Part-time work

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

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

19.3 Liabilities relating to employee benefits (no short term)

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

	31/12/2018			Total	31/12/2017			Total
	Post employment benefits	Other long term benefits	Termination benefits		Post employment benefits	Other long term benefits	Termination benefits	
Amount recognised in the statement of financial position								
Defined benefit obligation end of period	297.108.794,49	94.861.265,15	17.782.113,29	409.752.172,93	299.435.527,38	88.682.316,69	19.726.307,21	407.844.151,28
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	297.108.794,49	94.861.265,15	17.782.113,29	409.752.172,93	299.435.527,38	88.682.316,69	19.726.307,21	407.844.151,28
<i>Of which : Net liability recognised</i>	297.108.794,49	94.861.265,15	17.782.113,29	409.752.172,93	299.435.527,38	88.682.316,69	19.726.307,21	407.844.151,28
<i>Of which : Unfunded plans</i>	297.108.794,49	94.861.265,15	17.782.113,29	409.752.172,93	299.435.527,38	88.682.316,69	19.726.307,21	407.844.151,28

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

	31/12/2018				31/12/2017			
	Post employment benefits	Other long term benefits	Termination benefits	Total	Post employment benefits	Other long term benefits	Termination benefits	Total
Defined benefit cost								
Current service cost	9.698.425,42	46.721.454,06	684.786,07	57.104.665,55	8.856.290,46	46.083.775,24	79.215,86	55.019.281,56
Net interest (*)	5.179.717,56	292.792,92	132.125,88	5.604.636,36	5.123.107,68	281.717,76	142.499,04	5.547.324,48
Remeasurements (other long term and termination benefits)	-	-925.660,39	-1.116.401,97	-2.042.062,36	-	-245.048,09	-1.408.125,48	-1.653.173,57
Transfers	-16.425,50	-1.719,80	310.135,35	291.990,05	329.983,26	-252.844,07	-68.977,45	8.161,74
Past service cost	0,00	15.740.042,78	0,00	15.740.042,78	0,00	302.305,04	0,00	302.305,04
Total Defined benefit cost	14.861.717,48	61.826.909,57	10.645,33	76.699.272,38	14.309.381,40	46.169.905,88	-1.255.388,03	59.223.899,25
<i>included in</i>								
payroll and related benefits	28 9.681.999,92	61.534.116,65	-121.480,55	71.094.636,02	9.186.273,72	45.888.188,12	-1.397.887,07	53.676.574,77
finance costs	29 5.179.717,56	292.792,92	132.125,88	5.604.636,36	5.123.107,68	281.717,76	142.499,04	5.547.324,48
Included in statement of other comprehensive income	-4.926.363,26	-	-	-4.926.363,26	-4.346.032,77	-	-	-4.346.032,77

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

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

The total amount of premiums paid in 2018 by the SNCB Group related to defined contribution plans amounts to 2.277.518,95 EUR.

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

	31/12/2018				31/12/2017			
	Post employment benefits	Other long term benefits	Termination benefits	Total	Post employment benefits	Other long term benefits	Termination benefits	Total
Defined benefit obligation								
As at 1 January	299.435.527,38	88.682.316,69	19.726.307,21	407.844.151,28	301.140.491,23	92.118.625,55	26.424.094,98	419.683.211,76
Current service cost	9.698.425,42	46.721.454,06	684.786,07	57.104.665,55	8.856.290,46	46.083.775,24	79.215,86	55.019.281,56
Past service cost (plan changes and curtailment)	0,00	15.740.042,78	0,00	15.740.042,78	0,00	302.305,04	0,00	302.305,04
Interest cost	5.179.717,56	292.792,92	132.125,88	5.604.636,36	5.123.107,68	281.717,76	142.499,04	5.547.324,48
Actuarial (gains) / losses	-4.926.363,26	-925.660,39	-1.116.401,97	-6.968.425,62	-4.346.032,77	-245.048,09	-1.408.125,48	-5.999.206,34
Benefits paid	-12.262.087,11	-55.647.961,11	-1.912.445,62	-69.822.493,84	-11.658.411,52	-49.606.214,74	-5.442.399,74	-66.707.026,00
Transfers	-16.425,50	-1.719,80	310.135,35	291.990,05	329.983,26	-252.844,07	-68.977,45	8.161,74
Transfer to non-current assets held for sale	0,00	0,00	0,00	0,00	-9.900,96	0,00	0,00	-9.900,96
Other	0,00	0,00	-42.393,63	-42.393,63	0,00	0,00	0,00	0,00
Present value of the obligation at the end of the period	297.108.794,49	94.861.265,15	17.782.113,29	409.752.172,93	299.435.527,38	88.682.316,69	19.726.307,21	407.844.151,28

In 2018, the past service cost of 15.740.042,78 EUR relates to the loyalty allowance granted to the train drivers in service when the seniority of service reaches 18 years. It concerns:

- on the one hand, the single premium for driving personnel who, on 1 July 2018, has more than 18 years of service and,
- on the other hand, the loyalty premium for the driving personnel who will reach 18 years of service from 1 January 2019. Each year from a seniority of 12 years, an annual amount is provided until the person reaches 18 years of seniority.

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

	31/12/2018			Total	31/12/2017			Total
	Post employment benefits	Other long term benefits	Termination benefits		Post employment benefits	Other long term benefits	Termination benefits	
Defined benefit obligation at the end of the period								
Liability relative to active members	80.853.138,43	94.861.265,15	17.782.113,29	193.496.516,87	86.367.113,05	88.682.316,69	19.726.307,21	194.775.736,95
Liability relative to pensioners and non-active members (Beneficiaries, ...)	216.255.656,06	0,00	0,00	216.255.656,06	213.068.414,33	0,00	0,00	213.068.414,33
Total Defined benefit obligation at the end of the period	297.108.794,49	94.861.265,15	17.782.113,29	409.752.172,93	299.435.527,38	88.682.316,69	19.726.307,21	407.844.151,28

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

	31/12/2018			Total	31/12/2017			Total
	Post employment benefits	Other long term benefits	Termination benefits		Post employment benefits	Other long term benefits	Termination benefits	
Funded status								
Defined benefit obligation as at 1 January	299.435.527,38	88.682.316,69	19.726.307,21	407.844.151,28	301.140.491,23	92.118.625,55	26.424.094,98	419.683.211,76
Fair value of plan assets as at 1 January	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total	299.435.527,38	88.682.316,69	19.726.307,21	407.844.151,28	301.140.491,23	92.118.625,55	26.424.094,98	419.683.211,76
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	299.435.527,38	88.682.316,69	19.726.307,21	407.844.151,28	301.140.491,23	92.118.625,55	26.424.094,98	419.683.211,76
Total expense recognised in the profit or loss	14.861.717,48	61.826.909,57	10.645,33	76.699.272,38	14.309.381,40	46.169.905,88	-1.255.388,03	59.223.899,25
Actuarial (gains) / losses in other comprehensive income	-4.926.363,26	-	-	-4.926.363,26	-4.346.032,77	-	-	-4.346.032,77
Employer contributions / benefits paid directly by employer	-12.262.087,11	-55.647.961,11	-1.912.445,62	-69.822.493,84	-11.658.411,52	-49.606.214,74	-5.442.399,74	-66.707.026,00
Transfer to non-current assets held for sale	0,00	0,00	0,00	0,00	-9.900,96	0,00	0,00	-9.900,96
Other			-42.393,63	-42.393,63				0,00
At the end of the period	297.108.794,49	94.861.265,15	17.782.113,29	409.752.172,93	299.435.527,38	88.682.316,69	19.726.307,21	407.844.151,28

For 2019, the SNCB Group expects that the contributions and benefits paid directly will equal to 12,0 million EUR for the post-employment benefits, 48,4 million EUR (including credit days) for the other long-term employee benefits and 1,8 million EUR for termination benefits.

19.4 Split of actuarial gains and losses

The actuarial gains and losses may be split as follows:

	31/12/2018			Total	31/12/2017			Total
	Post employment benefits	Other long term benefits	Termination benefits		Post employment benefits	Other long term benefits	Termination benefits	
Actuarial (gains) / losses								
(Gain) / loss due to changes in financial assumptions	-4.631.072,80	-436.936,38	-332.998,64	-5.401.007,82	-1.421.153,12	23.681,47	-78.367,63	-1.475.839,28
(Gain) / loss due to changes in demographic assumptions	-651.715,44	0,00	0,00	-651.715,44	-719.939,37	0,00	0,00	-719.939,37
Experience (gain) / loss	356.424,98	-488.724,01	-783.403,33	-915.702,36	-2.204.940,28	-268.729,56	-1.329.757,85	-3.803.427,69
Total actuarial (gains) / losses	-4.926.363,26	-925.660,39	-1.116.401,97	-6.968.425,62	-4.346.032,77	-245.048,09	-1.408.125,48	-5.999.206,34

19.5 Actuarial assumptions and sensitivity analysis

Actuarial assumptions

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

	31/12/2018	31/12/2017
Discount rate		
Post-employment benefits	1,84%	1,74%
Other long-term benefits	0% - 1,42%	0% - 1,24%
Termination benefits	0% - 0,94%	0% - 0,71%
Expected return on plan assets	0,00%	0,00%
Inflation rate	2,00%	2,00%
Medical cost increase	2,00%	2,00%
Mortality tables	MR et MR-1 (si nés après 1950)/FR	MR et MR-1 (si nés après 1950)/FR

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

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

Weighted average duration

	31/12/2018	31/12/2017
Post-employment benefits	15,74	16,06
Other long-term benefits (*)	10,90	10,96
Termination benefits	8,13	8,00
Weighted average duration	14,65	15,26

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

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

Life expectancy at retirement

	Active employees (life expectancy at retirement)	Non-active members
Men	20,27	15,25
Women	23,45	10,38

Sensitivity analysis

	Impact on liability as at 31/12/2018	
	Increase	Decrease
Discount rate (0,5% change)		
Post-employment benefits	-22.043.144,90	23.941.527,67
Other long-term benefits (*)	-1.166.202,23	1.237.043,82
Termination benefits	-700.441,76	732.885,34
Medical cost increase (1% change)	9.632.783,35	-7.596.840,25
Mortality (change of life expectancy with 1 year)	19.540.126,40	-

Note 20 - Provisions

Movements in the provisions over the years 2018 and 2017 can be summarised as follows:

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

	Legal claims	Environmental provisions	Other provisions	Total
As at 1 January 2018	107.760.695,36	118.343.634,24	32.078.517,94	258.182.847,54
<u>Of which</u>				
Non-current	81.719.520,29	66.381.930,55	14.998.614,92	163.100.065,76
Current	26.041.175,07	51.961.703,69	17.079.903,02	95.082.781,78
Included in statement of comprehensive income				
Increase of the year	8.472.453,45	9.645.090,50	1.311.861,41	19.429.405,36
Utilization of the year	-3.013.602,18	-600.655,67	-12.414.843,53	-16.029.101,38
Decrease of the year (unused)	-831.522,99	-4.451.600,05	-1.208.449,58	-6.491.572,62
Change in discount rates	19.014,65	-1.835.115,67	0,00	-1.816.101,02
Unwinding of discount	11.403,31	162.125,10	0,00	173.528,41
Transfer - other			-3.626.401,03	-3.626.401,03
As at 31 December 2018	112.418.441,60	121.263.478,45	16.140.685,21	249.822.605,26
<u>Of which</u>				
Non-current	82.147.828,27	77.850.580,74	7.881.934,70	167.880.343,71
Current	30.270.613,33	43.412.897,71	8.258.750,51	81.942.261,55

The provision for legal claims represents the present value of the best estimate of resource outflows embodying economic benefits over 20 years because of legal claims filed against the SNCB Group. It is adjusted at the closing date on the basis of a re-estimation by Legal Affairs of the risks incurred in the context of ongoing litigation and the discounted value of expected future cash flows using the IRS curve. As at 31 December 2018, it amounts to 112.418.441,60 EUR exclusively for the SNCB. In accordance with IAS 37 no detail is given with regards to these claims, considering the necessity to protect the own interests of the SNCB.

The provision for soil remediation is the present value of the estimated cost of work to be executed over a period of 20 years in respect of legal and constructive obligations for the depollution of the land. It was constituted to cover long-term land depollution costs based on the estimated costs of the technical services and their timing and the yield curve. It concerns

exclusively SNCB and amounts to 121.263.478,45 EUR as at 31 December 2018. The decrease of the year 2018 (-4.451.600,05 EUR) is mainly the result of the sale of lands and the transfer of the depollution obligations to the purchaser as well as a decrease of the requirements concerning the depollution of a land located at the traction workshop of Hasselt.

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

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

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

As at 31 December 2018, the Freight provision has been maintained at the amount approved by the U.E. for an amount of 5.364.372,03 EUR as of 31 December 2018.

In EUR	
Agreement E.U.	145.000.000,00
Utilization 02/2011 to 31/12/2018	-139.635.627,97
Balance E.U. help	5.364.372,03

Note 21 - Financial liabilities

21.1 Financial liabilities

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

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

Financial liabilities		31/12/2018				TOTAL
		Net debt			Other	
		Nominal	Fair value adjustments	Accrued expenses	Other	
Non-current financial liabilities	<u>Notes</u>					
Borrowings with financial institutions		1.713.835.626,89	0,00	3.415.035,13	0,00	1.717.250.662,02
Bonds		604.419.539,42	0,00	4.538.160,01	0,00	608.957.699,43
Finance lease liabilities	21.2	12.643.862,22	0,00	0,00	0,00	12.643.862,22
Other financial liabilities		386.938.216,32	33.566.845,48	11.109.270,62	0,00	431.614.332,42
Total		2.717.837.244,85	33.566.845,48	19.062.465,76	0,00	2.770.466.556,09
Current financial liabilities						
Bank overdrafts	14	0,00	0,00	0,00	0,00	0,00
Borrowings with financial institutions		171.651.633,88	0,00	3.412.569,24	0,00	175.064.203,12
Bonds		39.900.440,38	0,00	8.252.933,28	0,00	48.153.373,66
Finance lease liabilities	21.2	1.981.052,89	0,00	59.339,54	0,00	2.040.392,43
Commercial paper		0,00	0,00	0,00	0,00	0,00
Other financial liabilities		7.493.198,37	0,00	1.147.580,24	0,00	8.640.778,61
Total		221.026.325,52	0,00	12.872.422,30	0,00	233.898.747,82
Total financial liabilities		2.938.863.570,37	33.566.845,48	31.934.888,06	0,00	3.004.365.303,91
Financial liabilities		31/12/2017				TOTAL
		Net debt			Other	
		Nominal	Fair value adjustments	Accrued expenses	Other	
Non-current financial liabilities	<u>Notes</u>					
Borrowings with financial institutions		1.761.948.202,37	0,00	3.093.125,82	0,00	1.765.041.328,19
Bonds		638.709.981,86	0,00	4.385.898,99	0,00	643.095.880,85
Finance lease liabilities	21.2	14.624.915,11	0,00	0,00	0,00	14.624.915,11
Other financial liabilities		357.058.540,41	37.688.412,40	7.084.265,99	0,00	401.831.218,80
Total		2.772.341.639,75	37.688.412,40	14.563.290,80	0,00	2.824.593.342,95
Current financial liabilities						
Bank overdrafts	14	0,00	0,00	0,00	0,00	0,00
Borrowings with financial institutions		121.001.230,64	0,00	3.388.605,33	0,00	124.389.835,97
Bonds		0,00	0,00	8.178.662,09	0,00	8.178.662,09
Finance lease liabilities	21.2	1.982.158,34	0,00	59.479,21	0,00	2.041.637,55
Commercial paper		350.057.888,33	0,00	0,00	0,00	350.057.888,33
Other financial liabilities		26.670.239,88	0,00	1.042.374,56	0,00	27.712.614,44
Total		499.711.517,19	0,00	12.669.121,19	0,00	512.380.638,38
Total financial liabilities		3.272.053.156,94	37.688.412,40	27.232.411,99	0,00	3.336.973.981,33

	31/12/2018	31/12/2017
Non-current financial liabilities		
SNCB	2.769.005.817,09	2.821.800.603,95
Subsidiaries	1.460.739,00	2.792.739,00
Carrying value	2.770.466.556,09	2.824.593.342,95
Current financial liabilities		
SNCB	232.566.747,82	510.928.206,56
Subsidiaries	1.332.000,00	1.452.431,82
Carrying value	233.898.747,82	512.380.638,38

Changes in financial liabilities

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

Changes in financial liabilities									
31/12/2017	New transactions	Payments	Interest expense	Other revenues	Exchange impact	Adjustments to fair value	Other	31/12/2018	
0,00	0,00	-598.630,69	598.630,69	0,00	0,00	0,00	0,00	0,00	
1.889.431.164,16	5.871.486,57	-30.810.570,86	24.505.213,44	0,00	3.317.571,83	0,00	0,00	1.892.314.865,14	
651.274.542,94	5.609.997,94	-18.441.699,78	18.668.231,99	0,00	0,00	0,00	0,00	657.111.073,09	
16.666.552,66	0,00	-3.190.904,18	1.208.606,17	0,00	0,00	0,00	0,00	14.684.254,65	
350.057.888,33	0,00	-350.000.000,00	0,00	-57.888,33	0,00	0,00	0,00	0,00	
429.543.833,24	28.642.678,15	-44.181.354,45	21.784.494,83	-5.169,95	8.592.196,13	0,00	-4.121.566,92	440.255.111,03	
3.336.973.981,33	40.124.162,66	-447.223.159,96	66.765.177,12	-63.058,28	11.909.767,96	0,00	-4.121.566,92	3.004.365.303,91	

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

- a funding of 15 million EUR in several stages at fixed interest rate of 6 to 9 years;
- short-term transactions with related companies outside the scope of consolidation.

In addition to the new operations mentioned above, the SNCB Group has also concluded a contractually planned refinancing with Eurofima for a total amount of 114,35 million EUR for which the existing financing at a floating rate has been replaced by a new fixed interest-rate financing for a period of 5 years.

Total payments may be subdivided into repayments of the nominal amount of existing debts (385.165.628,86 EUR) and interest payments (62.057.531,10 EUR).

For the fair value of financial liabilities, see note 32.

Characteristics of the financial liabilities

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

Characteristics of the financial liabilities	31/12/2018				
	Currency	Coupon	Final maturity	Nominal (Currency)	Carrying amount (EUR)
Bank overdrafts	EUR	N/A	< 1 year	0,00	0,00
	<i>Total EUR</i>			<i>0,00</i>	<i>0,00</i>
Total bank overdrafts					0,00
Borrowings with financial institutions	EUR	Floating	< 1 year	163.000.000,00	163.031.385,14
			2 - 5 years	225.000.000,00	225.076.488,90
			> 5 years	325.478.671,61	330.435.849,75
		0% - 2%	1 - 2 years	200.000.000,00	200.677.222,22
			2 - 5 years	200.000.000,00	200.615.000,00
			> 5 years	286.001.300,00	286.096.060,18
		2% - 4%	2 - 5 years	415.000.000,00	409.139.307,43
	<i>Total EUR</i>			<i>1.814.479.971,61</i>	<i>1.815.071.313,62</i>
	USD	4% - 6%	2 - 5 years	5.409.738,40	4.998.617,85
			> 5 years	33.269.000,05	30.748.892,15
		6% - 8%	> 5 years	46.084.404,77	41.496.041,52
	<i>Total USD</i>			<i>84.763.143,22</i>	<i>77.243.551,52</i>
Total borrowings with financial institutions					1.892.314.865,14
Bonds	EUR	Floating	1 - 2 years	109.000.000,00	109.088.613,71
		Zero Coupon	> 5 years	213.000.000,00	112.515.589,52
		0% - 2%	> 5 years	190.000.000,00	189.631.948,32
		2% - 4%	1 - 2 years	25.000.000,00	25.742.914,44
			> 5 years	100.000.000,00	102.234.933,20
		4% - 6%	< 1 year	40.000.000,00	41.172.947,39
			1 - 2 years	20.000.000,00	20.588.556,31
			> 5 years	55.000.000,00	56.135.570,20
	<i>Total EUR</i>			<i>752.000.000,00</i>	<i>657.111.073,09</i>
Total bonds					657.111.073,09
Finance lease liabilities	EUR	0% - 2%	1 - 2 years	2.792.739,00	2.792.739,00
		2% - 4%	> 5 years	7.346.183,72	7.405.523,26
		> 10%	2 - 5 years	4.485.992,39	4.485.992,39
	<i>Total EUR</i>			<i>14.624.915,11</i>	<i>14.684.254,65</i>
Total finance lease liabilities					14.684.254,65
Commercial paper	EUR	Floating	< 1 year	0,00	0,00
	<i>Total EUR</i>			<i>0,00</i>	<i>0,00</i>
Total commercial paper					0,00
Other financial liabilities	EUR	Floating	< 1 year	138.000,00	138.000,00
		0% - 2%	> 5 years	15.000.000,00	15.007.469,00
		4% - 6%	1 - 2 years	45.176.844,51	45.269.355,71
			2 - 5 years	144.308.190,14	144.405.414,32
	<i>Total EUR</i>			<i>204.623.034,65</i>	<i>204.820.239,03</i>
	USD	4% - 6%	2 - 5 years	72.267.684,10	82.054.396,95
			> 5 years	26.851.596,64	24.794.988,28
		6% - 8%	2 - 5 years	7.012.059,28	8.501.348,53
			> 5 years	111.218.235,94	120.084.138,24
	<i>Total USD</i>			<i>217.349.575,96</i>	<i>235.434.872,00</i>
Total other financial liabilities					440.255.111,03
Total financial liabilities					3.004.365.303,91

Characteristics of the financial liabilities	31/12/2017				
	Currency	Coupon	Final maturity	Nominal (Currency)	Carrying amount (EUR)
Bank overdrafts	EUR	N/A	< 1 year	0,00	0,00
	<i>Total EUR</i>			<i>0,00</i>	<i>0,00</i>
Total bank overdrafts					0,00
Borrowings with financial institutions	EUR	Floating	< 1 year	114.350.000,00	114.345.889,75
			1 - 2 years	163.000.000,00	163.029.832,11
			2 - 5 years	100.000.000,00	100.035.927,78
			> 5 years	457.129.902,25	462.120.306,03
		0% - 2%	2 - 5 years	200.000.000,00	200.677.222,22
			> 5 years	371.651.300,00	372.355.342,68
		2% - 4%	2 - 5 years	400.000.000,00	392.182.631,48
			> 5 year	15.000.000,00	15.123.073,81
	<i>Total EUR</i>			<i>1.821.131.202,25</i>	<i>1.819.870.225,86</i>
	USD	4% - 6%	> 5 years	36.576.254,50	32.273.947,70
		6% - 8%	> 5 years	43.373.580,68	37.286.990,60
	<i>Total USD</i>			<i>79.949.835,18</i>	<i>69.560.938,30</i>
Total borrowings with financial institutions					1.889.431.164,16
Bonds	EUR	Floating	> 5 years	109.000.000,00	109.053.470,89
		Zero Coupon	> 5 years	213.000.000,00	106.990.500,66
		0% - 2%	> 5 years	190.000.000,00	189.571.850,51
		2% - 4%	2 - 5 years	25.000.000,00	25.736.050,58
			> 5 years	100.000.000,00	102.222.777,14
		4% - 6%	1 - 2 years	40.000.000,00	41.074.598,96
			2 - 5 years	20.000.000,00	20.575.929,81
			> 5 years	55.000.000,00	56.049.364,39
	<i>Total EUR</i>			<i>752.000.000,00</i>	<i>651.274.542,94</i>
Total bonds					651.274.542,94
Finance lease liabilities	EUR	0% - 2%	< 1 year	114.295,30	114.295,30
			2 - 5 years	4.124.739,00	4.124.739,00
		2% - 4%	> 5 years	7.363.474,97	7.422.954,18
		> 10%	> 5 years	5.004.564,18	5.004.564,18
	<i>Total EUR</i>			<i>16.607.073,45</i>	<i>16.666.552,66</i>
Total finance lease liabilities					16.666.552,66
Commercial paper	EUR	Floating	< 1 year	350.000.000,00	350.057.888,33
	<i>Total EUR</i>			<i>350.000.000,00</i>	<i>350.057.888,33</i>
Total commercial paper					350.057.888,33
Other financial liabilities	EUR	Floating	< 1 year	22.643.859,43	22.643.859,43
		0% - 2%	< 1 year	6.136,52	6.136,52
		4% - 6%	2 - 5 years	186.930.294,00	187.121.245,33
	<i>Total EUR</i>			<i>209.580.289,95</i>	<i>209.771.241,28</i>
	USD	4% - 6%	2 - 5 years	51.720.512,81	55.649.864,82
			> 5 years	45.704.015,13	45.138.049,70
		6% - 8%	> 5 years	111.449.171,40	118.984.677,44
	<i>Total USD</i>			<i>208.873.699,34</i>	<i>219.772.591,96</i>
Total other financial liabilities					429.543.833,24
Total financial liabilities					3.336.973.981,33

21.2 Financial liabilities relating to finance lease

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 - 31/12/2018				
Future minimum lease payments	3.076.153,36	8.065.064,10	19.890.000,00	31.031.217,46
Interest / Future finance charges on contracts	-1.035.760,93	-2.672.067,88	-12.639.134,00	-16.346.962,81
Total	2.040.392,43	5.392.996,22	7.250.866,00	14.684.254,65
Present value of future minimum lease payments - 31/12/2017				
Future minimum lease payments	3.190.904,18	9.769.352,44	21.261.865,02	34.222.121,64
Interest / Future finance charges on contracts	-1.149.266,63	-3.428.759,94	-12.977.542,41	-17.555.568,98
Total	2.041.637,55	6.340.592,50	8.284.322,61	16.666.552,66

Contingent rents recognised in the income statement under finance leases amount to 127.907,92 EUR (2017: 90.414,40 EUR) and are related to indexations.

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

Finance lease concluded by the SNCB Group are:

- long-term agreements (emphyteusis) for buildings for a period of 30 to 93 years without purchase option and
- a contract concerning advertising panels for a period of 3 years with a purchase option.

Note 22 - Deferred tax assets/liabilities

EUR	31/12/2018	31/12/2017
Current taxes		
Current tax receivables	0,00	0,00
Current tax debts	3.744.193,71	361.377,59
Net position for current taxes	3.744.193,71	361.377,59
Deferred taxes		
Deferred tax assets	13.106.475,11	20.942.917,37
Deferred tax liabilities	1.841.312,10	1.858.544,34
Net position of deferred taxes	11.265.163,01	19.084.373,03

Movements of the reporting period can be summarised as follows:

EUR		31/12/2018	31/12/2017
	<u>Note</u>		
Net deferred tax assets			
As at 1 January		19.084.373,03	-24.486,80
Business combination		0,00	-1.891.457,14
Taxes recognised in net result	30	-9.527.271,70	19.576.305,09
Taxes recognised in other comprehensive income	30	1.708.061,68	1.424.011,88
As at 31 December		11.265.163,01	19.084.373,03

EUR	Financial statements	
	31/12/2018	31/12/2017
Deferred tax assets		
Tax losses carried forward and other fiscal deductions	229.558.908,00	223.704.618,46
Provision for legal claims, soil remediation, derivatives, ...	38.514.491,91	64.233.644,01
Liabilities for employee benefits	36.287.308,61	35.796.409,24
Write down on trade and other receivables	1.155.382,27	93.680,63
Property, plant and equipment and investment property	40.014,65	133.181,33
Financial instruments at fair value	19.713.921,06	21.039.228,38
Gross deferred tax assets	325.270.026,50	345.000.762,05
Deferred tax liabilities		
Property, plant and equipment and investment property	12.538.547,78	12.760.327,81
Gross deferred tax liabilities	12.538.547,78	12.760.327,81
Less unrecognized deferred tax assets	-301.466.315,70	-313.156.061,21
Net position of deferred taxes	11.265.163,01	19.084.373,03

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

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

To recognize the value of the deferred tax asset at 31 December 2018, the SNCB Group has used a three-year time horizon based, for 2019, on the budget 2019 approved by the management board of the SNCB on 26 October 2018 and, for 2020 and 2021, on the corporate multi-annual plan 2018-2022 of the SNCB approved by the management board of the SNCB on 26 October 2017. Following the company tax reform applicable as of 1 January 2018, the use of tax losses is limited to 1.000.000 EUR plus 70% of taxable profit exceeding 1.000.000 EUR. The SNCB Group has applied a tax rate of 29,58 % for 2019 and a tax rate of 25% for the years 2020 and 2021.

At 31 December 2018, the SNCB Group has recognized a deferred tax asset of 13.106.475,11 EUR. The SNCB Group concludes that this deferred tax asset will be recoverable using estimated future taxable profits based on approved budgets over a three-year period. The unrecognized deferred tax asset at 31 December 2018 amounts to 301.466.315,70 EUR, which is mainly due to tax losses carried forward after 2021.

At 31 December 2017, the SNCB Group recognized a deferred tax asset of 20.942.917,37 EUR. The difference of -7.836.442,26 EUR compared to 31 December 2018 is recognized in the net result 2018 for -9.544.503,94 EUR and in other comprehensive income 2018 for 1.708.061,68 EUR. At 31 December 2017, the SNCB Group recognized a deferred tax liability following the business combination achieved in stages and the valuation at fair value of the assets acquired during this business combination (EUR 1.891.457,14 EUR).

If the estimated net results for the upcoming 3-year period were to decrease by 10%, with unchanged tax parameters, the deferred tax assets would be reduced by 441.909 EUR as at 31 December 2018 (593.485 EUR as at 31 December 2017).

Note 23 - Trade and other payables

EUR		31/12/2018	31/12/2017
	Note		
Non-current trade payables			
Suppliers		0,00	140.595,00
Advances received relative to construction contracts	10	32.870.060,80	20.339.882,84
Total		32.870.060,80	20.480.477,84
Current trade payables			
Public authorities		0,00	2.070.835,40
Suppliers		383.151.412,08	399.628.442,00
Advances received relative to construction contracts	10	2.359.130,43	5.985.149,02
Total		385.510.542,51	407.684.426,42
Total trade payables		418.380.603,31	428.164.904,26

Of which:

EUR	31/12/2018	31/12/2017
Non-current		
SNCB	30.874.150,02	20.339.882,84
Other subsidiaries	1.995.910,78	140.595,00
Carrying value	32.870.060,80	20.480.477,84
Courant		
SNCB	359.203.718,05	365.611.984,33
Other subsidiaries	26.306.824,46	42.072.442,09
Carrying value	385.510.542,51	407.684.426,42

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

Note 24 - Social debts

EUR	31/12/2018	31/12/2017
Withholding tax	299.944,46	274.950,87
Social security contributions	324.710,73	462.527,39
Wages	62.354,64	90.765,23
Holiday pay	56.516.999,28	55.049.542,04
Other social debts	38.159.865,44	36.775.801,23
Total	95.363.874,55	92.653.586,76
Of which		
Social debts that are due	1.451.560,48	1.406.555,33
Social debts not yet due	93.912.314,07	91.247.031,43

As per 31 December 2018 (2017), the SNCB holds 90.332.116,85 EUR (85.936.111,34 EUR) of total consolidated social debts (not yet due). The part held by its subsidiaries in the total of social debts amounts to 5.031.757,70 EUR (6.717.475,42 EUR).

The share of the SNCB in social debts has increased in 2018 compared to 2017. Mainly because of an increase in the debt for holiday pay for the non-statutory employees provided for the first time in 2018 and because of loyalty premiums granted from 1 July 2018 to the train drivers with a seniority between 4 and 11 years.

Note 25 - Grants

25.1 Investment grants

The changes during the year can be summarized as follows:

	2018	2017
Investment grants		
At 1st of January	6.710.049.651,27	6.437.657.290,86
New grants	638.111.490,60	653.473.545,31
Allocated to property, plant and equipment and to intangible assets	-376.005.342,30	-381.081.184,90
At 31st December	6.972.155.799,57	6.710.049.651,27
Of which		
Non-current	6.598.985.195,89	6.340.313.170,77
Current	373.170.603,68	369.736.480,50

Investment grants obtained for investments in intangible assets and property, plant and equipment, are presented as liabilities in the statement of financial position and are recognised in operating result in proportion to the depreciation on the assets for which they were received. The investment grants that are granted but not yet received are recognised as Trade and other receivables.

The new grants that are granted in 2018 are completely attributed to the parent company. There are no new investment grants acquired by the subsidiaries.

The amount of -376.005.342,30 EUR in 2018 (2017: -381.081.184,90 EUR) relates for -378.177.024,99 EUR (2017: -381.641.911,80 EUR) to the recognition of investment grants in operating result and for 2.171.682,69 EUR (2017: 560.726,90 EUR) to the reclassification as investment grants of non-amortised investment grants that were cancelled following the disposal of subsidised assets.

25.2 Operating grants

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

	2018	2017
Operating grants to be received		
At 1st of January	498.208.535,58	371.549.485,08
New grants	1.216.136.951,13	1.188.327.555,99
Payments received	-1.237.381.333,99	-1.061.668.505,49
At 31st December	476.964.152,72	498.208.535,58

	2018	2017
New operating grants		
SNCB	1.216.084.222,26	1.188.181.050,50
Subsidiaries	52.728,87	146.505,49
Total	1.216.136.951,13	1.188.327.555,99

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

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

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

25.3 Financial grants

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

	2018	2017
Financial grants to be received		
At 1st of January	17.392.250,59	15.609.566,33
New grants	26.876.683,02	28.026.065,66
Payments received	-25.350.309,21	-26.346.024,89
Other movements	0,00	102.643,49
At 31st December	18.918.624,40	17.392.250,59

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

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

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

Note 26 - Other amounts payable

EUR	31/12/2018	31/12/2017
Other amounts payable - non-current		
Funds managed for third parties (RER Fund)	33.545.266,91	106.364.528,22
Fees relating to cross border arrangements	23.808.708,48	31.141.458,49
Guarantees in cash	0,00	236.107,88
Other amounts payables	241.907,88	129.934,54
Total	57.595.883,27	137.872.029,13
Other amounts payable - current		
Funds managed for third parties (RER Fund)	87.710.000,00	74.379.159,37
Fees relating to cross border arrangements	3.262.910,54	4.010.987,06
Deferred income	127.951.302,06	129.746.931,68
Accrued expenses	17.074.496,06	17.686.487,50
CSA	9.700.000,00	26.400.000,00
Debts to related parties	61.142,31	391.896,31
Various debts relative to the State	2.088.462,95	3.130.602,10
VAT, taxes and withholding tax to be paid	2.089.998,79	2.968.269,38
Other amounts payables	18.709.088,54	32.821.644,38
Total	268.647.401,25	291.535.977,78
Total other amounts payable	326.243.284,52	429.408.006,91

As per 31 December 2018, SNCB holds 318.921.858,89 EUR (408.048.735,28 EUR in 2017) of total other amounts payable. The remaining part of 7.321.425,63 EUR (21.359.271,63 EUR in 2017) relates to the subsidiaries.

Other amounts payable of SNCB include at 31 December 2018:

- 121.255.266,91 EUR (180.743.687,59 EUR in 2017) of debts towards the State under the RER Fund, an almost equivalent amount (121.255.260,59 EUR), not available for SNCB, is recorded under Cash and cash equivalents (see Note 14. Cash and cash equivalents);
- 27.071.619,02 EUR (35.152.445,55 EUR in 2017) commissions on alternative financing transactions (NPV);
- 9.700.000,00 EUR (26.400.000,00 EUR in 2017) in cash guarantees paid following the Credit Support Annex (CSA). The net amount of the guarantees paid in cash under the CSA with financial institutions amounts to 304.167.049,29 EUR (313.867.049,29 EUR Trade and other receivables and 9.700.000,00 EUR Other amounts payable);

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

The liabilities related to the State in 2018 include mainly the part of the operating grants and the investment grants received by the SNCB within the framework of the antiterrorism measures that are higher than the real operating and investment expenses of the company (699.941,89 EUR in 2018 et 2.470.603,14 EUR in 2017).

Following an agreement with NS, the amount payable of 14.467.174,70 EUR recognized in consideration of the receivable contested by the NS relating to the 'samenwerkingafpraak' concerning the ICZ Brussels-Amsterdam has been cancelled.

The gain of 2.684.000,04 EUR following the sale of 82% of Transurb recognized in Other amounts payable in 2017 has been recognized in the net result 2018 (see Note 27 Operating income and expenses).

Note 27 - Operating income and expenses

27.1 Operating income

27.1.1 Turnover

EUR	31/12/2018	31/12/2017
Transport	844.706.945,72	803.576.214,18
<i>National</i>	741.964.413,94	701.421.071,60
<i>International</i>	99.292.960,10	96.446.339,31
<i>Freight Services</i>	3.449.571,68	5.708.803,27
Assets management	238.370.961,39	249.436.772,71
Delivery of services	9.449.053,05	19.061.728,23
Sale of assets	4.216.903,97	12.315.962,68
Miscellaneous	44.231.962,65	31.115.960,37
Total turnover	1.140.975.826,78	1.115.506.638,17

Of which:

EUR	31/12/2018	31/12/2017
SNCB	1.112.125.814,95	1.072.241.023,85
Publifer	15.243.292,73	12.536.937,76
Ypto	6.352.269,63	8.899.245,07
Transurb	0,00	5.365.972,33
B-Parking	1.657.569,89	1.659.073,03
Other subsidiaries	5.596.879,58	14.804.386,13
Total turnover	1.140.975.826,78	1.115.506.638,17

Turnover of other subsidiaries includes the one of Eurostation before its merger by acquisition on 1 July 2018.

27.1.2 Other operating income

EUR	31/12/2018	31/12/2017
Gain on disposal of intangible assets, property, plant and equipment, investment property and non-current assets held for sale	14.047.667,73	8.108.372,69
Gain on disposal of Transurb	2.684.000,04	0,00
Gain on disposal of interests under the equity method	0,00	3.921,79
NPV on cross-border arrangements	8.333.990,60	4.805.928,43
Expenses recharged	7.272.017,07	4.150.620,83
Miscellaneous operating income (fines, received compensation, etc.)	9.988.996,92	4.994.734,42
Other	11.650.924,87	15.461.191,19
Total other operating income	53.977.597,23	37.524.769,35

Of which:

EUR	31/12/2018	31/12/2017
SNCB	52.216.153,70	36.391.639,99
Other subsidiaries	1.761.443,53	1.133.129,36
Total other operating income	53.977.597,23	37.524.769,35

At 31 December 2018, the gains on disposal of intangible assets, property, plant and equipment, investment properties and non-current assets held for sale relate mainly to the SNCB (14.046.946,59 EUR) and concern the disposal of rolling stock and land and buildings.

In 2017, the gain of 2.684.000,04 EUR following the disposal (out of Group) of 82% of Transurb was recognized in Other trade payable because of the significant uncertainties arising mainly from the specific guaranties provided by the SNCB for projects in Algeria. The related risk has decreased and this gain has been recognized in the net result 2018.

Expenses recharged for 2018 include the intervention of the NS in the operational losses of ICZ Brussels-Amsterdam within the framework of the "Samenwerkingsafpraak" (SWA) for 1.023.354 EUR. Miscellaneous operating income for 2018 include 3.590.311,75 EUR arising from the application of the amendment to the SWA with NS.

27.2 Operating expenses

27.2.1 Services and other goods

EUR	31/12/2018	31/12/2017
Long term rent and rental charges	35.910.586,16	38.903.843,34
Maintenance and repairs	88.947.393,56	84.233.644,72
Consumables	120.103.847,78	119.949.612,09
Expenses related to operational activities	32.858.783,75	29.453.726,31
Payments to third parties	141.447.849,05	126.066.916,52
Contributions	734.475.452,47	701.469.139,77
HR Rail costs and miscellaneous personnel costs	54.534.323,90	53.994.151,71
Provisions for risks and charges	-4.907.369,66	-22.885.638,95
Other	56.055.737,35	58.094.602,23
Total services and other goods	1.259.426.604,36	1.189.279.997,74

Of which:

EUR	31/12/2018	31/12/2017
SNCB	1.159.281.731,87	1.086.373.518,18
Ypto	63.151.273,59	50.288.552,90
Publifer	3.832.364,89	2.705.521,11
Eurogare	7.636.280,31	12.073.130,02
Other subsidiaries	25.524.953,70	37.839.275,53
Total services and other goods	1.259.426.604,36	1.189.279.997,74

Services and other goods of other subsidiaries include the ones of Eurostation before its merger by acquisition on 1 July 2018.

27.2.2 Other operating expenses

EUR		31/12/2018	31/12/2017
	Notes		
Losses on disposal of property, plant and equipment, intangible assets, investment property and non-current assets held for sale		1.463.930,86	1.351.504,06
Write-off on trade and other receivables	9	4.292.116,13	-1.845.969,58
Write-off on contracts in progress		1.589.575,42	1.165.339,01
Write-off on inventories	13	11.861.622,11	11.417.062,38
Impairment on Blue Mobility	15	87.988,05	3.063.286,87
Other operating expenses		9.293.088,30	11.188.500,32
Total other operating expenses		28.588.320,87	26.339.723,06

Of which:

EUR	31/12/2017	31/12/2017
SNCB	25.760.690,31	23.903.641,09
Subsidiaries	2.827.630,56	2.436.081,97
Total other operating expenses	28.588.320,87	26.339.723,06

The loss on disposal of 1.463.930,86 EUR are mainly the consequence of the sale of the buildings and land of the SNCB.

As per 31 December 2018 the write-off on trade and other receivables include an amount of 258.108,72 EUR recognized by SNCB because of the application of the new standard IFRS 9 *Financial instruments* from 1 January 2018. This amount is based on the assessment of the expected credit losses for 2018.

Note 28 - Employee benefit expenses

28.1. Employee benefit expenses

		31/12/2018	31/12/2017
	Note		
Wages, salaries and other short-term benefits		885.065.638,32	898.225.114,58
Social security expenses		187.108.225,40	190.828.205,35
Defined contribution plans		2.277.518,95	2.595.515,97
Post-employment benefits	19.3	9.681.999,92	9.186.273,72
Other long-term employee benefits	19.3	61.534.116,65	45.888.188,12
Termination benefits	19.3	-121.480,55	-1.397.887,07
Other		5.057.336,69	1.879.795,33
Total employee benefit expenses		1.150.603.355,38	1.147.205.206,00

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

Since 1 July 2018, the SNCB Group has taken actions to enhance the status of the driving personnel. Among these measures: various complementary allowances (for train drivers, shunt drivers, monitors, etc.) and loyalty premiums for the driving personnel according to their years of seniority: an annual premium for the personnel with a seniority of 4 to 11 years (note 24. Social debts) and a single premium when the seniority reaches 18 years for which the SNCB Group has recognized a past service cost of 15.740.042,78 EUR (Note 19.2.2. Employee benefits – other long-term employee benefits).

28.2. Staff

	31/12/2018	31/12/2017
A. Staff		
Average number of employees (in FTE)	18.342	18.764
Blue-collar workers	9.679	9.942
White-collar workers	8.245	8.480
Management	418	342
Others	0	1
B. Interim personnel (in FTE)		
Average number based on the full time equivalents	N.D.	N.D.

Note 29 - Financial income and expenses

29.1. Financial income

	31/12/2018	31/12/2017
<i>Interest income on</i>	<u>23.639.745,29</u>	<u>23.757.347,47</u>
financial assets at amortised cost		
unimpaired	21.484.642,47	21.766.985,22
financial assets at fair value through		
profit or loss	3.183.083,50	2.734.803,73
derivatives	-1.027.980,68	-744.441,48
<i>Net change in fair value of</i>	<u>24.789.433,25</u>	<u>73.924.445,52</u>
financial assets at fair value through profit or loss	0,00	444.628,04
financial liabilities at fair value through profit or loss	2.361.644,48	12.665.085,53
derivatives	22.427.788,77	60.814.731,95
<i>Gains from foreign exchange differences</i>	3.449.142,30	6.336.911,79
<i>Dividends received</i>	1.980.567,66	11.923,20
<i>Other financial income</i>	10.104.826,75	14.589.887,84
Total financial income	63.963.715,25	118.620.515,82

29.1 Financial expenses

		31/12/2018	31/12/2017
	Note		
<i>Interest expenses on</i>		<u>62.726.545,71</u>	<u>62.214.314,41</u>
financial liabilities at amortised cost		30.555.791,87	28.823.282,20
financial liabilities at fair value through profit or loss		6.885.596,23	5.723.928,88
derivatives		18.298.386,67	20.710.208,47
finance lease liabilities		1.208.606,17	1.303.988,50
employee benefit obligations	19.3	5.604.636,36	5.547.324,48
provisions	20	173.528,41	105.581,88
<i>Capitalised finance costs</i>		-201.701,52	-134.935,18
<i>Net change in fair value of</i>		<u>24.845.822,35</u>	<u>44.403.224,07</u>
financial assets at fair value through profit or loss		1.667.325,72	1.773.846,55
derivatives		23.178.496,63	42.629.377,52
<i>Impairment on</i>		<u>31.426,00</u>	<u>18.323,13</u>
financial assets at amortised cost		31.426,00	18.323,13
<i>Losses from foreign exchange differences</i>		2.617.086,61	8.890.604,69
<i>Other financial expenses</i>		3.714.980,50	2.043.556,71
Total financial expenses		93.734.159,65	117.435.087,83

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

Note 30 - Income tax

		31/12/2018	31/12/2017
	Note		
Current taxes through net income		-1.736.058,05	-74.015,02
Deferred taxes through net income	22	-9.527.271,70	19.576.305,08
Deferred taxes through other comprehensive income	22	1.708.061,68	1.424.011,88
Tax (expense)/income on total comprehensive income		-9.555.268,07	20.926.301,94

	2018	2017
Result before taxes from continuing operations	31.863.339,49	80.804.300,45
Income taxes calculated based on tax rate (2018 & 2019 = 29,58%)	-9.425.175,82	-27.465.381,72
Effect of not deductible expenses for tax purposes	-10.092.729,78	-12.120.254,72
Taxes related to interest under equity method	7.911.987,44	9.212.996,40
Other permanent differences	1.730.723,97	-649.100,72
Impact due to change in future tax rate	0,00	-19.408,19
Change in accounting of deferred tax assets	579.799,93	52.071.270,04
Corrections regarding previous financial years	-89.676,61	-97.723,33
Other movements	-170.197,22	-6.095,81
Tax (expense)/income on total comprehensive income from continuing operations	-9.555.268,08	20.926.301,94

Note 31 - Contingent assets and liabilities

The contingent assets amount to 407.700,13 EUR (2017: 483.282,81 EUR) and represent mainly amounts claimed by the SNCB Group from third parties responsible for disability for staff members.

The contingent liabilities amount to 6.626.867,61 EUR (2017: 2.013.805,46 EUR) and mainly represent the legal claims against the SNCB Group for which the probability that an outflow of resources will be required to settle the obligation is remote at that date.

Note 32 – Additional information on financial instruments

32.1. Impact IFRS 9 “Financial instruments”

The application of the IFRS 9 standard as of 1 January 2018 impacts the evaluation of financial assets and the recognition of changes in fair value of the financial debts designated by the SNCB Group as valued at fair value. The impact at the transition date is limited to financial assets. The valuation principles used for financial instruments that are part of financial liabilities are the same under IFRS 9 as under IAS 39.

The table below gives an overview of the initial classifications according to IAS 39 and the new classifications in accordance to IFRS 9 for every heading of the SNCB Group's financial assets as of 1 January 2018:

	Classification according to IAS 39	Classification according to IFRS 9	Carrying amount under IAS 39	Carrying amount under IFRS 9	Difference
Non-current financial assets					
Trade and other receivables	Loans and receivables measured at amortised cost	Amortised cost	752.475.252,23	752.455.954,62	-19.297,61
	Loans and receivables designated at fair value through profit or loss	Fair value through profit or loss (mandatorily)	0,00	0,00	0,00
Derivatives	Financial assets at fair value through profit or loss held for trading	Fair value through profit or loss (mandatorily)	254.304.610,26	254.304.610,26	0,00
Other financial assets	Available-for-sale assets at fair value through equity	Fair value through other comprehensive income (Equity instrument)	51.885.762,55	51.885.762,55	0,00
	Financial assets designated at fair value through profit or loss	Fair value through profit or loss (designated)	100.280.428,83	100.280.428,83	0,00
	Financial assets at fair value through profit or loss held for trading	Fair value through profit or loss (hedging instrument)	110.593.934,60	110.593.934,60	0,00
	Loans and receivables measured at amortised cost	Amortised cost	404.701.095,47	404.680.760,25	-20.335,22
Total			1.674.241.083,94	1.674.201.451,11	-39.632,83
Current financial assets					
Trade and other receivables	Loans and receivables measured at amortised cost	Amortised cost	1.124.977.317,44	1.120.706.636,78	-4.270.680,66
	Loans and receivables designated at fair value through profit or loss	Fair value through profit or loss (mandatorily)	123.632,87	123.632,87	0,00
Derivatives	Financial assets at fair value through profit or loss held for trading	Fair value through profit or loss (mandatorily)	260.629,50	260.629,50	0,00
Other financial assets	Available-for-sale assets at fair value through equity	Fair value through other comprehensive income (Equity instrument)	0,00	0,00	0,00
	Financial assets designated at fair value through profit or loss	Fair value through profit or loss (designated)	251.075,50	251.075,50	0,00
	Financial assets at fair value through profit or loss held for trading	Fair value through profit or loss (hedging instrument)	-11.755,12	-11.755,12	0,00
	Loans and receivables measured at amortised cost	Amortised cost	4.131.529,49	4.131.529,49	0,00
	Financial assets held to maturity measured at amortised cost	Amortised cost	5.359.630,54	5.359.630,54	0,00
Total			1.135.092.060,22	1.130.821.379,56	-4.270.680,66

The difference of -4.310.313,49 EUR is recognized directly in the net results carried forward on 1 January 2018.

With the introduction of the IFRS 9 standard, the impact of changes in the fair value of financial debts attributable to changes in the credit risk of the SNCB Group must be recognized in other comprehensive income instead of in net result. The cumulative impact on 1 January 2018 of changes in credit risk associated with financial debts amounted to 12.548.033,26 EUR and was transferred from the results carried forward to results carried forward of other comprehensive income. The impact on the fair value of changes in the own credit risk over the year 2018 is detailed in point 32.3.

32.2. Financial assets

Classification according to IFRS 9	31/12/2018		31/12/2017		
	Carrying amount	Fair value	Carrying amount	Fair value	
Non-current financial assets					
Trade and other receivables	Amortised cost	714.464.390,58	903.468.307,26	752.475.252,23	752.475.252,23
	Fair value through profit or loss (mandatorily)	0,00	0,00	0,00	0,00
Derivatives	Fair value through profit or loss (mandatorily)	267.618.898,36	267.618.898,36	254.304.610,26	254.304.610,26
Other financial assets	Fair value through other comprehensive income (Equity instrument)	51.266.028,69	51.266.028,69	51.885.762,55	51.885.762,55
	Fair value through profit or loss (designated)	105.469.973,59	105.469.973,59	100.280.428,83	100.280.428,83
	Fair value through profit or loss (hedging instrument)	121.135.720,64	121.135.720,64	110.593.934,60	110.593.934,60
	Amortised cost	380.846.315,48	428.774.611,58	404.701.095,47	485.371.823,70
Total		1.640.801.327,34	1.877.733.540,12	1.674.241.083,94	1.754.911.812,17
Current financial assets					
Trade and other receivables	Amortised cost	1.099.621.094,94	1.099.621.094,94	1.124.977.317,44	1.124.977.317,44
	Fair value through profit or loss (mandatorily)	78.603,39	78.603,39	123.632,87	123.632,87
Derivatives	Fair value through profit or loss (mandatorily)	144.142,75	144.142,75	260.629,50	260.629,50
Other financial assets	Fair value through other comprehensive income (Equity instrument)	0,00	0,00	0,00	0,00
	Fair value through profit or loss (designated)	387.251,32	387.251,32	251.075,50	251.075,50
	Fair value through profit or loss (hedging instrument)	-14.770,60	-14.770,60	-11.755,12	-11.755,12
	Amortised cost	7.453.131,31	7.453.131,31	9.491.160,03	9.482.432,61
Total		1.107.669.453,11	1.107.669.453,11	1.135.092.060,22	1.135.083.332,80

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

Until 2018, the SNCB Group considered the nominal value of "Trade and Other receivables", currently not measured at fair value, as a reasonable approximation of their fair value. From 2018 onwards, an appropriate estimate of the fair value is made for the long-term receivables as well. The category "Trade and other receivables" consists in majority of (i) short-term receivables without a significant financing component and (ii) long-term interest-bearing receivables facing the Belgian State.

The fair value of financial assets measured at amortised cost (included in Other financial assets and from 2018 in Trade and other receivables) is calculated using the same models and assumptions as those used for the valuation of financial assets for which the SNCB Group has intentionally chosen recognition in the category "Financial assets at fair value through profit or loss".

The table below details changes in the fair value of financial assets recognized, or should be recognized, at fair value through profit or loss. The line other variations contains all the variations resulting from repayments, capitalizations and, in the case of assets in foreign currencies, the impact of foreign exchange differences. The change in the fair value of the derivatives is presented in note 11.2.

	2018	2017
At 1st of January	100.655.137,20	113.023.717,12
Market risk	-2.072.813,39	-3.202.938,33
Credit risk	405.487,67	1.873.719,82
Fair value variations	-1.667.325,72	-1.329.218,51
Other variations	6.948.016,82	-11.039.361,41
At 31st December	105.935.828,30	100.655.137,20

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

The cumulative share of market risk and credit risk in the fair value adjustments at the end of 2018 and 2017 is shown in the table below:

	2018	2017
Market risk	3.694.827,03	5.767.640,42
Credit risk	-1.809.279,25	-2.214.766,92
Fair value adjustments	1.885.547,78	3.552.873,50

32.3 Financial liabilities

Classification according to IFRS 9	31/12/2018		31/12/2017		
	Carrying amount	Fair value	Carrying amount	Fair value	
Non-current financial liabilities					
Financial liabilities	Amortised cost	2.638.979.892,74	2.925.396.628,83	2.697.335.707,31	3.037.366.356,99
	Fair value through profit or loss (designated)	131.486.663,35	131.486.663,35	127.257.635,64	127.257.635,64
Derivatives	Fair value through profit or loss (mandatorily)	402.000.234,35	402.000.234,35	396.158.368,07	396.158.368,07
Trade and other payables	Amortised cost	0,00	0,00	140.595,00	140.595,00
Other liabilities	Amortised cost	33.787.174,79	33.787.174,79	106.606.436,10	106.606.436,10
	Fair value through profit or loss (mandatorily)	0,00	0,00	0,00	0,00
Total		3.206.253.965,23	3.492.670.701,32	3.327.498.742,12	3.667.529.391,80
Current financial liabilities					
Financial liabilities	Amortised cost	232.851.254,00	233.241.889,93	511.778.657,68	511.598.916,02
	Fair value through profit or loss (designated)	1.047.493,82	1.047.493,82	601.980,70	601.980,70
Derivatives	Fair value through profit or loss (mandatorily)	12.903.845,39	12.903.845,39	10.425.729,66	10.425.729,66
Trade and other payables	Amortised cost	378.072.567,15	378.072.567,15	396.200.129,24	396.200.129,24
Other liabilities	Amortised cost	131.976.657,88	131.976.657,88	152.393.567,63	152.393.567,63
	Fair value through profit or loss (mandatorily)	0,00	0,00	0,00	0,00
Total		756.851.818,24	757.242.454,17	1.071.400.064,91	1.071.220.323,25

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

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

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

The table below details changes in the fair value of financial liabilities recognized, or should be recognized, as fair value through profit or loss. The other variations line contains all the variations resulting from repayments, capitalizations and, in the case of foreign currency liabilities, the impact of foreign exchange differences. The change in the fair value of the derivatives is presented in note 11.2.

	2018	2017
At 1st of January	127.859.616,34	151.045.601,99
<i>Market risk</i>	-2.361.644,48	-8.538.988,75
<i>Credit risk</i>	-1.759.922,44	-4.126.096,78
Fair value variations	-4.121.566,92	-12.665.085,53
Other variations	8.796.107,75	-10.520.900,12
At 31st December	132.534.157,17	127.859.616,34

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

The cumulative share of market risk and credit risk in the fair value adjustments at the end of 2018 and 2017 is shown in the table below:

	2018	2017
Market risk	22.778.734,66	25.140.379,14
Credit risk	10.788.110,82	12.548.033,26
Fair value adjustments	33.566.845,48	37.688.412,40

Note 33 - Cross-border arrangements

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

- Rolling stock (diesel and electrical engines, self-propelled cars, high-speed trains and passenger coaches): the related agreements have an initial basic term between 17 and 28 years.
- Administrative buildings: the related agreements have an initial basic term of 29,5 years.

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

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

The investment accounts (investment of a portion of the proceeds arising from the sale or head lease) and related payment obligations towards the Trust (over the term of the arrangement) are recognised in the consolidated statement of financial position except for investment accounts with Governmental entities or supranational organizations counterparties (or guaranteed by Governmental entities) which represent 599.787.826,13 EUR (1.073.866.888,26 EUR) as per 31 December 2018 (2017). The investment accounts and related payment obligations towards the Trust are recognised in accordance with IFRS 9 in the categories Other financial assets and Financial liabilities. As per 31 December 2018 (2017), 328.811.916,31 EUR (318.324.178,08 EUR) has been recognised as investment accounts. On the other hand, 854.255.241,50 EUR (961.518.672,27 EUR) as per 31 December 2018 (2017) has been recognised with respect to the payment obligations towards the Trust.

The table below allows a reconciliation of the non-recognized investments accounts with the non-recognized amounts pledged and the advance payments mentioned in note 34:

	2018	2017
Pledged as collateral	155.596.178,96	283.628.399,98
Advance payments	51.187.635,16	280.599.761,79
Other invested amounts	393.004.012,01	509.638.724,49
Off balance sheet	599.787.826,13	1.073.866.886,26

For certain transactions, the SNCB Group used derivatives to hedge interest rate and foreign exchange risks. In those cases, the SNCB Group applied the fair value option as stipulated by

IFRS 9 to account for the financial assets and liabilities. The use of derivatives is explained in note 11. As per end 2018 (2017) the fair value of the derivatives linked to the cross-border arrangements amounts to 13.557.125,84 EUR (16.281.289,18 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 2018, 8.331.837,84 EUR (2017: 4.803.775,66 EUR) were recognised in the operating result. The increase in recognition of fees is the consequence of the prematurely ending of a cross-border arrangement for which the balance of the fees has been recognized at one time in the net result.

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

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

Note 34 - Rights and obligations

The amount of contractual commitments for the acquisition of property, plant and equipment and investment properties is 494.703.605,01 EUR (517.736.196,29 EUR) as at 31 December 2018 (2017).

The amount of contractual commitments for the acquisition of services is 1.099.682.385,12 EUR (1.091.129.887,13 EUR) as at 31 December 2018 (2017).

The contractual obligations for the acquisition of stocks amount to 197.680.390,92 EUR (244.657.108,99 EUR) as at 31 December 2018 (2017).

The personal guarantees by the SNCB Group for third parties amount to 170.168.518,12 EUR (188.767.279,55 EUR) as at 31 December 2018 (2017).

Credit lines granted by third parties to the SNCB Group amount to 1.813.007.506,22 EUR (2.113.007.506,22 EUR) as at 31 December 2018 (2017).

Commitments for future minimum rent payments due under contracts of non-cancellable operating leases amount to 3.418.468,81 EUR (2017: 5.860.890,32 EUR) as at 31 December 2018 (2017), of which 1.229.273,19 EUR (1.470.765,27 EUR) in less than a year and 2.189.195,62 EUR (4.390.125,05 EUR) to more than one year but within 5 years.

Guarantees given by third parties on behalf of the SNCB Group amount to 1.968.228.688,27 EUR (1.987.007.652,96 EUR) as at 31 December 2018 (2017) and mainly relate to the securities given by the State within the framework of the cross-border arrangements. For 2018: guarantees on investments: 61.344.684,25 EUR; guarantees on debts (Eurofima/Infrabel): 1.897.013.009,04 EUR and other guarantees: 9.870.994,98 EUR.

Goods and values held by third parties on their behalf but for which the risks and rewards are assumed by the Company represent 51.187.635,16 EUR (280.599.761,79 EUR) as at 31 December 2018 (2017) and relate to prepayments within the framework of the cross-border arrangements.

Inventories belonging to third parties but kept by the SNCB Group which bears the risks, amount to 9.221.153,36 EUR (10.336.260,55 EUR) as at 31 December 2018 (2017).

The guarantees given by the SNCB Group on own assets amount to 2.319.772.587,49 EUR (2.506.336.348,57 EUR) as at 31 December 2018 (2017) and relate to investments pledged under the cross-border arrangements (2018: 347.104.435,99 EUR) and the carrying value of the rolling stock in these operations (2018: 1.972.668.151,50 EUR).

The received bank guarantees amount to 453.952.995,56 EUR (447.576.826,02 EUR) as at 31 December 2018 (2017).

At 31 December 2018, the SNCB Group has a commitment of 10.000.000 EUR relating to "overdraft facility" towards Lineas Group, available as from 7 April 2016 to 7 April 2021. The SNCB Group is an unlimited indefinitely responsible member in the European economic interest grouping Eurail Group (NL 809837353 B01) PO BOX 2112, NL 3500 Utrecht – The Netherlands).

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

Note 35 - Information on related parties

35.1 Consolidated companies

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

35.2 Relations with the State

35.2.1 Holding interests

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

35.2.2 Management contracts

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

The implementation of the next management contract is in progress.

The goal of the SNCB:

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

The SNCB can, by itself 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 provision of securities for debts of associated companies or companies with which there is 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 achievement or the development of the objective.

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

35.2.3 Services to public administrations

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

35.3 Relations between the companies of the SNCB Group

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

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

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

Grants granted by public authorities are detailed in note 25.

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

	31/12/2018	31/12/2017
Turnover realised with interests under equity method	121.109.733,82	131.554.872,32
Net receivables on interests under equity method	115.448.940,69	117.959.827,71
Net receivables on public authorities	1.200.782.638,67	1.222.922.074,42
Debts to interests under equity method	24.848.087,16	51.943.534,86

The receivables on public authorities concern almost exclusively the SNCB. They are detailed in note 9. Trade and other receivables.

35.5 Relations with key management

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

The total amount of compensation provided to directors and members of the management committees amounts to 1.877.394,65 EUR in 2018 (1.691.479,88 EUR in 2017). The directors did not receive any loans or advances from the SNCB. For the list of directors and members of the management committee, we refer to note 1.

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

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

Key management compensation is as follows:

EUR	31/12/2018	31/12/2017
Salaries and other short-term benefits	1.797.047,38	1.617.612,75
Post-employment benefits	80.347,27	73.867,13
Total	1.877.394,65	1.691.479,88

No loans were granted to key management.

Note 36 - Auditors fees

In 2018 (2017), the SNCB Group booked an amount of 572.012,00 EUR (451.627,08 EUR) relative to audit assignments by the auditors of the SNCB Group within the framework of their mandates and an amount of 14.900 EUR (23.791,20 EUR) for non-audit services provided by the auditors and associated firms.

	31/12/2018		31/12/2017	
	Auditor	Related to the auditor	Auditor	Related to the auditor
Assignments related to the review of the financial statements	572.012,00		451.627,08	
Assignments related to tax consultancy	4.300,00		22.141,20	
Other assignments	10.600,00		1.650,00	
Total	586.912,00	0,00	475.418,28	0,00

Note 37 - Events after the reporting date

No significant event affecting the financial statements of the SNCB Group was observed after the closing date of 31 December 2018.