



ANNUAL REPORT  
**2011**



**SNCB-Holding**

Annual report

2011



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# Message from the Chairman and the CEO



Jannie Haek,  
CEO of SNCB-Holding

2011 was a positive year for SNCB-Holding as regards the achievement of one of its basic missions: to encourage "modal shift", the modal transfer from road transport to rail transport. SNCB-Holding has been helped in this mission by harsh economic, societal and environmental realities: too many traffic jams; never before have people wanted so much to travel; never have oil products reached such record levels; never has environmental pressure had so much impact: road transport alone will soon be producing the entire Belgian quota of greenhouse gas emissions.

"Modal-shift" is not merely the expression of a conviction or a desire. "Modal-shift" is underway. The numbers tell the story: with 3,578 km of track, the SNCB Group network is expanding. No longer is it closing lines: it is opening new ones. Passenger numbers have been experiencing virtually linear growth for ten years (+50% since 2000). Rail is regaining market share (7.2% of all journeys) and, at peak hours, this rises to 45% for "home-work" travel for journeys within a 30 km radius of Brussels. Even before the RER is fully open!

In this context, based on the analysis of the missions and obligations enshrined in the management contracts, based on the figures presented in this annual report, the Government can count on a good report from SNCB-Holding to continue forging ahead:

- 2011 Cash Recurring EBITDA was 0.5% over budget and 6.7% up on 2010, mainly due to a reduction in external costs (-10%) and a reduction in consultancy fees (-€35.7m);
- indebtedness was down (-€170m), despite a difficult economic situation, compared with 2010;
- the Group headcount reduced by 2.8%, while personnel productivity increased thanks to modern and efficient HR management;
- thanks to the workforce, surveillance cameras and cooperation with law enforcement services, security in stations has been strengthened;
- the 37 Belgian SNCB-Holding stations are undergoing an exceptional construction/restoration programme, to meet the demands of the twenty-first century public;
- the historical heritage sees the arrival of "Train World", the train museum, in Schaerbeek;
- parking spaces for cars and bikes, in close proximity to stations, combined with professional management, are making for improved synergy between train and car;
- the development of Blue-Bike and Cambio, shared bikes and cars, offer new possibilities for completing the "last miles";
- network mobility, with the station at its heart, together with "Scotty.be", has the first personalised journey comparison tool, with the information a traveller needs.

At SNCB-Holding, we are proud of these results. A strong rail sector is more important than ever for the country's sustainable economic and social development. Network mobility, in support of which SNCB-Holding has taken numerous initiatives during the past year, will be a contributory factor to this success. In 2012, SNCB-Holding will pursue this effort relentlessly, in the service of our customers, the general public and the State, to enable us to move together in total freedom.

Jean-Claude Fontinoy,  
Chairman of the Board of Directors  
of SNCB-Holding





# 2

## NOTEWORTHY EVENTS IN 2011

### Jan Start-up of the second phase of work at Ghent-St-Pierre

The second phase of the modernisation of Ghent-St-Pierre station started on **28 January 2011** with the removal of platforms 11 and 12. By 2020, the station will be entirely modernised, the platforms will be enlarged, and passengers will be able to shelter under a canopy embracing all the tracks.



### Feb More intermodality in Wallonia

On **22 February**, a second and third Bike point were opened at Liège-Guillemins and Ottignies stations. From that date, anyone can leave their bike there, have it repaired by the next day, get information regarding mobility or rent a bike.



### Ma Plug and Ride: the pilot project gets under way

From **3 March** until the end of May 2011, implementation of the pilot "Plug and Ride" project. Six "test drivers" drove an electric car for 3 months.



### Ma Next Station congress

SNCB-Holding and the UIC (International Union of Railways) jointly organised the third international Next Station congress on **17 and 18 March**. Next Station is a meeting place for station managers, service providers, project developers, design offices, specialist journalists, etc. from all over the world.



### Ma ICTRA-SAP: the experts

The ICTRA and Syntigo SAP team received the "Advanced Center for Expertise of SAP" certificate. This top SAP award was presented by the Managing Director of SAM Belux. It is the highest distinction awarded by the software publisher. The certificate is held by fewer than 15 companies in the world, and SNCB-Holding was the first in Belgium!



### May Namur station equipped for the visually impaired

A pilot sound guidance project, developed by the Namur University psychology department, was tested at the station. The complete project involves 15 sound beacons which can be activated by the visually impaired person using a remote control or mobile phone, at a multisensory level in relief and in Braille, as well as a voice readout of the station display.



### May Automatic External Defibrillators

On **18 May**, the Stations department entered into a framework agreement with the firm Eurodist to equip the major stations and management buildings with Automatic External Defibrillators (AEDs).



### May Blue-bike bikesharing at stations

From 24 May 2011, over 1,000 Blue-bikes were available at Belgium's 35 major stations. These shared bikes constitute an extra alternative in passenger mobility: a new link in the network mobility chain! Blue-bike is a way of making a trip without losing time ([www.blue-bike.be](http://www.blue-bike.be)).



Oct

### Refer a Friend: SNCB Group increasingly up-to-date

Refer a Friend gives Group employees a chance to refer friends or family members who have a suitable professional profile and are looking for a job in any of the staff shortage areas. If the recruitment is successful, the employee receives a bonus.



Nov

### Antwerp-Central wins the Europa Nostra Prize

On **22 November**, Antwerp-Central won the prestigious European Union "Europa Nostra" cultural heritage prize for the superb renovation of the station which perfectly allies the old and the new. The European Commissioner for Culture awarded the prize to Jannie Haek, CEO of SNCB-Holding.



Dec

### Anti-pickpocketing week

From **12 to 18 December** Corporate Security Service, in collaboration with "SPF Intérieur" (Ministry of the Interior), organised "Anti-pickpocketing week". During the week, many initiatives were undertaken in sensitive areas like Christmas markets, shopping streets and stations, with the aim of raising public awareness of pickpocketing. For this action, a bag was distributed with the slogan "Touche pas à mon sac" (Hands off my bag).

Dec

### "Homeless People in European Train Stations"

For 24 months, the SNCB-Holding Corporate Security Service (CSS) participated in a European social experiment concerning homeless people and tramps at Brussels-Central station. The project, called "Homeless People in European Train Stations", ended on **16 December** with a very positive outcome.



Jun

### Celebration at the new Charleroi-Sud station

The works at Charleroi-Sud station and Place de la Gare culminated in an official inauguration. The programme featured concerts and exhibitions.



Aug

### Recognition for CPS

CPS, the Corporate Prevention Service, was recognised on **2 August** by "SPF Mobilité et Transport" (Federal Public Service of Mobility & Transport) as a professional centre of medical and psychological examinations. The Service de Sécurité et d'Interopérabilité des Chemins de Fer (Railway Interoperability and Security Service, SSIC), the rail transport safety body within SPF Mobilité et Transport, recognised CPS as a psycho-medical centre for certification of train personnel.

Sep

### Securail campaign - free emergency number

From **6 to 13 September**, Darlien, Raf and Diadie posters were seen again on station walls. The "Avez-vous déjà le numéro de Darlien?" (Do you have Darlien's number?) campaign refers customers and staff to the free Securail emergency number. This emergency number is available 24/7 and provides assistance to people in distress on the railways.



Oct

### Interactive terminals for our customers

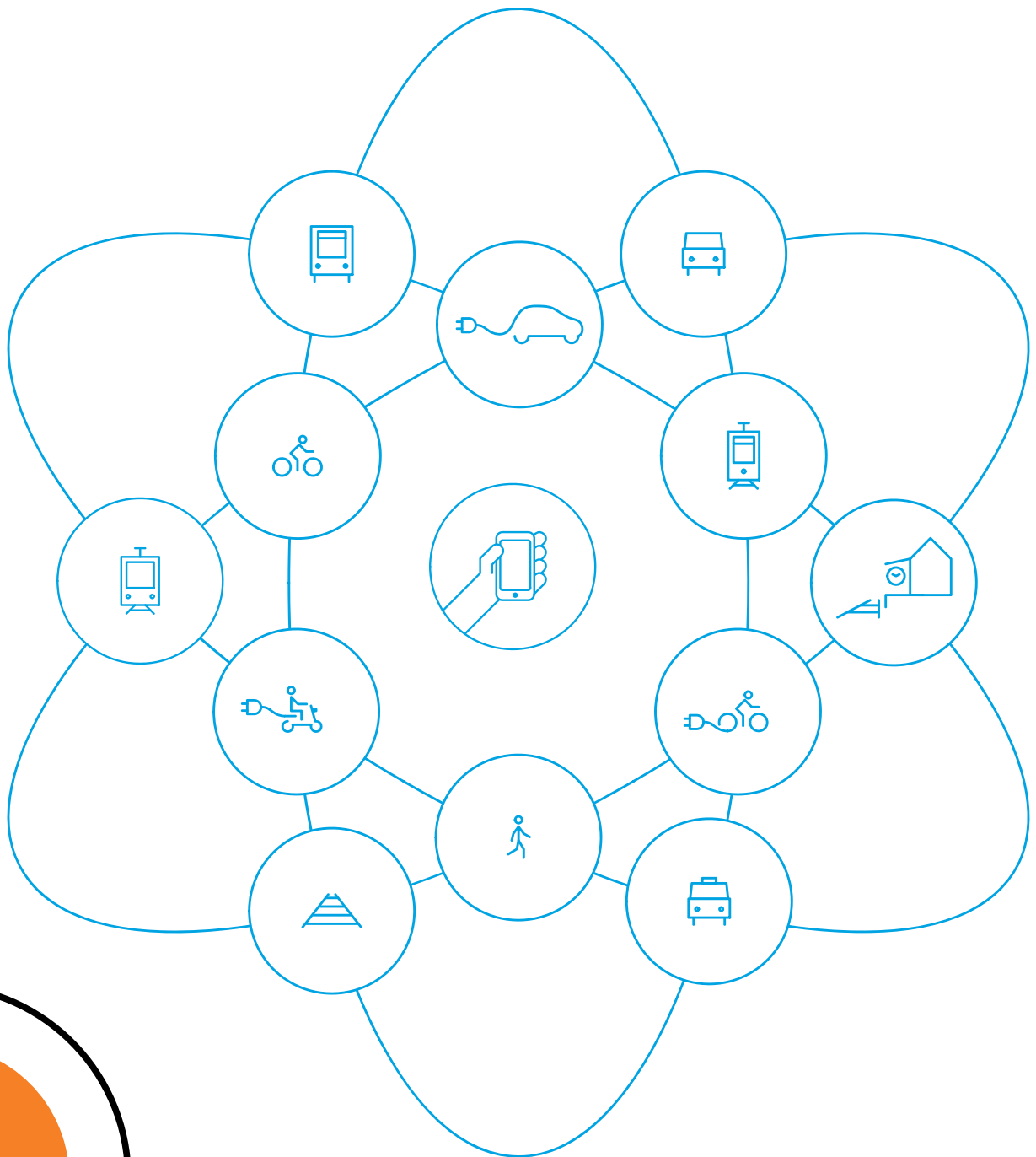
Eight interactive terminals were tested from 4 October at Brussels-Central and Brussels-Midi. They were designed to answer any questions a passenger might ask in a station. The terminals offer the users a certain number of tools for organising their journey in the best way: the Infrabel RailTime Routeplanner with an interactive network card, disruption announcements and timetables. SNCB-Holding also offers an interactive map of the station showing the services available. Job vacancies within the SNCB Group can also be viewed.



Oct

### Jobday "Devenez en 1 jour notre nouveau collègue" (Become our new colleague in 1 day) in Brussels

The SNCB Group employs all means possible to recruit people in areas of staff shortage. This applies particularly to electromechanical engineers and industrial and civil engineers. The campaign is essentially targeted at inhabitants of Brussels and "new Belgians": "Become our new colleague in 1 day in Brussels." During the morning of **6 October**, candidates visited an SNCB and Infrabel workshop. In the afternoon, those who wished to could take technical and medical tests.



## 3.NETWORK MOBILITY

### CONCEPT AND SPECIFIC ACHIEVEMENTS

In a moving world, where change is perpetual and technology is constantly evolving, immobility is no longer a given. Moving right now becomes a real challenge. Mobility demands have never been greater and will increase in the years to come.

SNCB-Holding and its employees have a duty to drive this mobility, a new mobility organised in a network in which all modes of transport, both public and private, complement each other effectively and interconnect (Blue-bikes, Cambio cars, rail, tram and bus transport within easy reach of cars and taxis).

In this way, the traditional dichotomy between train and car and between car and public transport goes up in smoke. Our customers can now choose "à la carte" from different modes of transport, which all arrive at and leave from the station. The station is becoming a veritable intermodality platform, playing an essential role.



## 3.1 THE STATION, AT THE HEART OF NETWORK MOBILITY

In the past few years, most stations, both large and small, have been subject to large-scale renovation and enhancement. Passenger facilities are improved in these stations, with additional modernised and well-finished parking and shopping areas.

The role of the station is evolving. It is no longer simply a place to catch a train. It also has a pleasant environment, with a wide range of shops and services. The station is now part of the town's community.

Stations have also become veritable dynamic platforms acting as hubs for different modes of transport such as trains, buses, bikes, electric cars, cars and taxis. Stations are truly at the heart of network mobility.

### Considerable investment in stations and parking areas continues

The importance which the SNCB Group has for many years attached to stations and facilities is reflected in the amount it invests.

Between 2005 and 2011, the Group invested around 200 million a year in stations and parking areas. This is a 76% increase on the period 2000 to 2004.

### Master plans for stations and surroundings across the country

In order to make stations into true mobility and service centres, SNCB-Holding has been developing major plans for a number of years. These are always designed in collaboration with the cities and the public transport operators, De Lijn or TEC.

The Eurostation and Eurogare subsidiaries – one in Brussels and Flanders, the other in Wallonia – have accrued vast experience over the years in the development of stations and surroundings.

Initially born as technical design offices, over time they have acquired wider skills more focused on the development, follow-up and realisation of architectural projects.

At SNCB-Holding's request, Eurostation has completed major projects, notably at Ghent-Saint-Pierre, Brussels-Nord, Ostend and Hasselt, as well as the Diabolo project and many others. In addition, stations and their surroundings in many small towns have been renewed or transformed.

2011 saw the completion of the Kamegebouw works in Bruges.

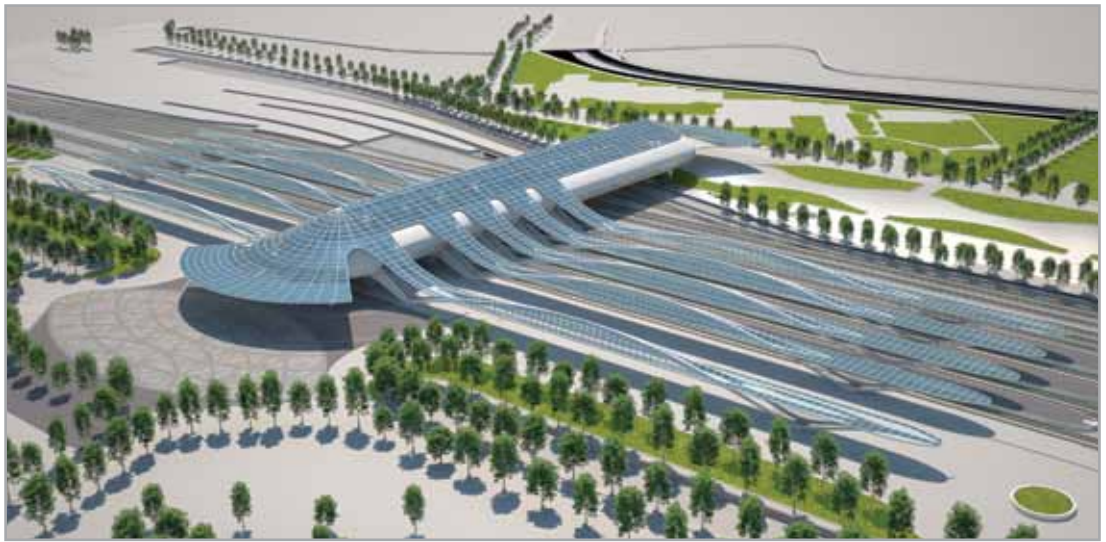




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eurogare © Santiago Calatrava

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The building has meanwhile been sold to an institutional property investor, generating a substantial gain.

Founded in 1993, Eurogare's mission was the design and supervision of the construction of the new Liège-Guillemins station, inaugurated in September 2009.

Since then, the know-how acquired by the company has been applied to the design of other projects in the south of the country, in particular in Namur, Mons, Charleroi and Liège.

The result of this know-how can be seen in two of the most remarkable accomplishments, namely Liège-Guillemins and Antwerp-Central stations which, according to a number of specialist magazines and websites, feature among the 10 most beautiful stations in the world.

The stations have not only been modernised, but are also well run. Not only can we present a positive financial testimony to this management, we are also

making great progress in terms of quality. This is something customers appreciate. It has recently been found that our customers highly value the concept and service in the 37 major stations. According to Test-Achats, in 2010 we achieved an average satisfaction rating of 89%, well in excess of the management contract targets. Antwerp-Central, Liège-Guillemins, Bruges and Namur lead the top 10. At smaller stations, it is mainly the parking infrastructure which is regarded as an asset. A satisfaction survey on railway services, carried out on behalf of the European Commission, showed that this year Belgian customers are again satisfied with the services provided at stations and that we achieve very good results in European comparisons.

In June 2011 the renovation of Charleroi-Sud station was completed. 240 solar panels supply 15% of the electricity demand. At Antwerp-Central station, environmental concerns are reflected in the installation of water/air exchangers and a heat pump, making it possible to heat or cool the building.

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### Stations accessible to more passengers

The three SNCB Group companies are committed to a multiannual plan to streamline access to stations and trains.

For Infrabel, this involves raising platforms to make it easier to get on and off trains, and installing lifts and platform access ramps.

SNCB's role is to provide assistance to people in wheelchairs in more and more stations. This is currently the case for 114 stations out of a total of 213 stations making up the Belgian network. Mobile loading platforms are also available in many stations. In 2011, basic sign language training was organised for ticket office staff, and instructions were provided in order to improve communication between staff and the hard of hearing.

Jean-Claude Thirionet from the Stations department lists the SNCB-Holding goals: "We are optimising stations to provide at least one access without steps, with automatic doors and lifts; to make the access from the station concourse to the platforms clear; to have tactile paving installed to help blind people and toilet and parking facilities to be adapted for people with reduced mobility. By the end of 2011, 25 stations (representing 40% of passengers) had been equipped in this way. This means we are reaching a much wider public than the previous year, when only 15 had been adapted, for 29% of passengers. By the end of 2012, we expect to reach 60% of passengers. Come 2028, all the station buildings will have been adapted".



### Safety in stations and trains

SNCB-Holding guarantees public safety on the railways. To this end, we have invested in increasing Securail staff numbers. Restructuring the service has allowed greater visibility of security agents in stations and trains. In addition, with the aid of 3,000 cameras, we have developed one of the most efficient video-surveillance networks in the country, and are working in close collaboration with our security partners, such as the railway police and local police services.

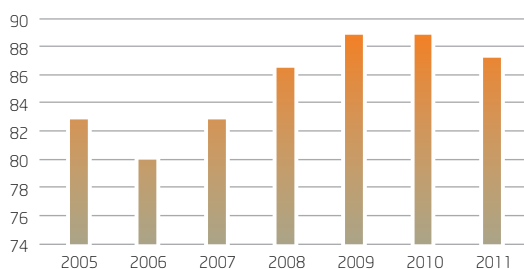


### Excellent result for cleanliness

In a station, safety cannot exist without cleanliness; it is a permanent focus and an ongoing priority. Cleaning quality is measured twice a month at each of the SNCB-Holding stations and compared to the European standard established at 85%.

For several years, the quality rating of SNCB-Holding stations has been above the European standard.

Weighted average quality score in SNCB-Holding stations





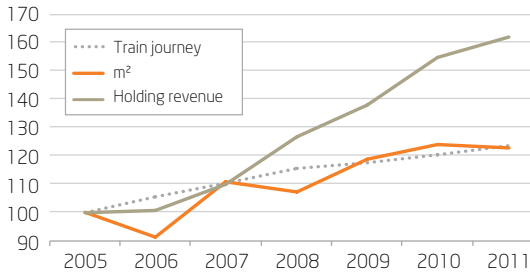
## Resounding succes for shops and food outlets in stations

"Our revenue from shops, vending machines and advertising has grown by around ten percent on average over the last five years. Our target is to maintain the same growth rate over the next few years," explains Stefaan Van Echelpoel, head of SNCB-Holding Concessions office. "In 2011 we had a turnover of over 20 million euros for the first time. The rapid sales growth comes mainly from "convenience" segments such as cafés, sandwich bars and hot snacks. They offer fast service to passengers and station visitors as well as good value for money. Despite a strong increase in this business, we have also taken care to renew certain concepts, for example replacing certain buffets and cafés at Ghent-Saint-Pierre with sandwich bars. It's noticeable that the number of square metres has remained relatively stable, while revenues have shown a marked increase, greater than the increase in passenger numbers".

The new concepts are mainly to be found in cafés and hot snacks, while sandwich bars have shown a remarkable sales increase thanks to the success of self-service. They often replace former buffets.

The number of ticket dispensers continues to grow at both large and small stations, and a new contract for bread dispensers has been signed in Flanders, where over ten stations now have such machines.

Changes in SNCB-Holding revenue & m<sup>2</sup>  
(2005 index = 100)



## Publifer and the growing advertising potential of stations

To handle railway advertising, SNCB-Holding and ClearChannel Belgium founded the joint venture Publifer. It has exclusive rights to make use of the advertising potential. Although the fragile economic context is affecting the advertising market, Publifer's results have remained stable.

This is mainly due to the possibility of creating sales proposals specific to stations, which offsets the increased competition in traditional products.

Digital screens were installed in stations in October 2011. Carried out in close collaboration with Syntigo,



the project is regarded by ClearChannel International as a benchmark. It is also a first in Belgium. Thanks to this new medium, Publifer can certainly count on an increase in turnover in 2012.

Publifer's financial contribution to SNCB-Holding has been on the increase for a number of years. This is not only the result of professional advertising management, but also a clear indication of the growing commercial attractiveness of stations.





### 3.2 SHARED VEHICLES, A RESPONSIBLE AND SUSTAINABLE WAY TO TRAVEL

Nowadays, in a world where nothing stands still, but with an awareness that CO<sub>2</sub> emissions affect the environmental balance, passengers are looking for transport that provides “cleaner”, more responsible and consequently more sustainable mobility.

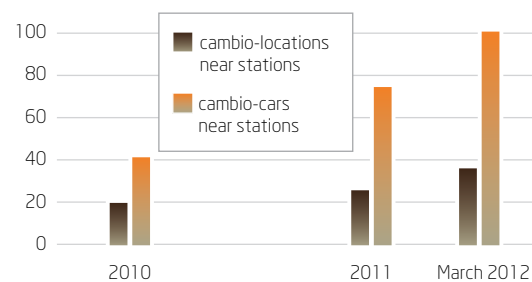
SNCB-Holding is the driving force behind this new mobility, which it demonstrates by offering its passengers practical and sustainable solutions such as shared cars and bikes, secure parking areas, and a practical and innovative website. SNCB-Holding thus acts as a real catalyst for trains. It is making the train more and more accessible and a valuable transport solution for an ever-growing section of the population.

#### Successful car sharing at stations

On the basis that car sharing does not compete with public transport because car sharers generally use public transport as well, in 2010 SNCB-Holding invested in the capital of Cambio, which offers car sharing.

In March 2012, there were already 36 docking points in or near 24 stations. Pieter Deschamps from SNCB-Holding Corporate Affairs participated in the creation of the joint venture: “Since the end of 2009, SNCB-Holding has offered parking spaces for Cambio cars. We started with fifteen spaces at four stations. By March 2012, this had already increased to 100 cars and 36 docking points in or near stations. The customer pays Cambio a monthly fixed fee and, by making a reservation, can pick up a car from our stations 7 days a week.”

Changes in shared car numbers near stations







### Launch of Blue-bike shared bikes

In May 2011, there were 1,000 "Blue-Bike" shared bikes available at bike points in 35 large stations, spread throughout Belgium. Blue-Bike is the result of a collaboration between SNCB-Holding and FIETSenWERK. Bikes are hired at a favourable rate, making them ideal for the last leg of a journey or practical for arriving on time for a meeting in the city centre. The formula is still being perfected, and opening hours and return options need to be extended.

But the formula has a future: the proof is the electric network manager Elia which is the first company to have chosen Blue-Bike to provide and manage the company's bikes.

"The distance between Schaerbeek station and our offices is quite simply too far to walk. Now, our staff can save time and carry on using public transport," explains Elia's Valérie Legat. "As well as our five bikes at Schaerbeek, we also have five season tickets that allow our employees to rent Blue-Bikes at stations. They're mobile wherever they go."

### Bike points look after two-wheelers

The number of bike points at stations is increasing. By the end of 2011, there were 42 in service. Although this proliferation started in Flanders, there are now also 4 in Brussels and as many in Wallonia.

Following Namur in 2010, Liège, Ottignies and Mons stations each opened a bike point in 2011. The Mons bike point is in the new "Maison des Cyclistes" (Cyclists' House) right opposite the station. Emmanuel Scrutenaire, coordinator of "Pro-vélo" asbl (non-profit organisation) for Hainaut: "Bikes can be left here in safety because we're permanently manned and we carry out minor repairs during the day. And we also have Blue-bikes available. It's mainly students or commuters that use them when they're going not far out of town."

The bike point concept has existed for around five years. It is the result of a collaboration between SNCB-Holding and companies in the social economy sector, grouped under the name of FIETSenWERK. Bike points provide social control and mean that abandoned bikes are collected. Certain operators repair bikes or combine this service with another, such as ironing for example.

Overall, bike points have a positive image, but despite this a project aimed at optimising their quality is currently under way. The extension of the bike point concept to some twenty more stations is also being studied.





## IT plays a key role

Ictra, the SNCB-Holding ICT department, plays an important role in realising the mobility vision and in security projects. The subsidiary Syntigo often supports Ictra in the development of application software.

One of the most noteworthy achievements was the launch of the Scotty.be internet portal in April 2012. This was developed for Go-Mobile, a joint venture between Syntigo and Touring Mobilis.

Scotty.be is a personal journey comparison tool that permits users to check their computer, tablet or smartphone immediately and in real time to see if there are any holdups on their journey, what time their next train leaves, how many parking spaces are available, and so on.

They can then choose the most suitable mode of transport or combination of modes of transport.

In other words, it is a key component in the search for network mobility, in which all modes of transport are combined and complement one another.



The IT service also makes a significant contribution to making the B-parking car parks secure. A badge system has been introduced for car park access and the installation of surveillance cameras means that Corporate Security Service can provide permanent monitoring.

Ictra has also developed major security management applications for Infrabel. These applications enable the supervision of "crocodiles". These are devices placed between rails which send a signal to the train when it passes the crocodile. The driver must confirm the signal, otherwise automatic braking is triggered. These new applications mean that Infrabel can now supervise the running status of crocodiles via the GSM-R, the mobile railway communication network. It is via this network that information on these track devices can be transmitted centrally and automatically.







### 3.3 THE B-MOBILITY KNOWLEDGE CENTRE SUPPORTS NETWORK MOBILITY

B-Mobility, the SNCB-Holding knowledge centre, organised the third B-Mobility Day on 14 October 2011 in Brussels. During this B-Mobility Day, entitled "Linking networks for our future mobility", one thing was very apparent: the mobility of tomorrow will be network mobility. This means that we will combine our different forms of travel according to our personal needs.

Stations play a crucial role in this network mobility: they are multimodal platforms offering the possibility of an easy transition from one mode of transport to another. This makes for sustainable mobility in towns and cities.

Network mobility means shared mobility: the emphasis is placed on how a means of transport is used and not who owns it. The importance of shared bikes has also been underlined, in particular the SNCB-Holding Blue-Bike bike sharing initiative. "These shared bikes are available at 37 Belgian stations and are perfect

for extending your train journey to your final destination: get off where you want, choose your route and departure time and never have any parking problems," explains B-Mobility's Dirk Dewulf. "Blue-bike is therefore a sustainable and flexible alternative to the car and the bus, the metro or the tram for the last leg of your journey. In the future, SNCB-Holding wants to extend the Blue-bike network, to include electric bicycles among other things."

Particular attention has also been paid to the electric car. The combination of this type of car with the train is one of the sustainable solutions to the problem of mobility. Following the success of the pilot Plug & Ride project, 34 stations have been equipped with electric car recharging terminals since the start of 2012. In this way SNCB-Holding is demonstrating its total commitment to sustainable network mobility. Information on B-Mobility is available at [www.b-mobility.eu](http://www.b-mobility.eu)



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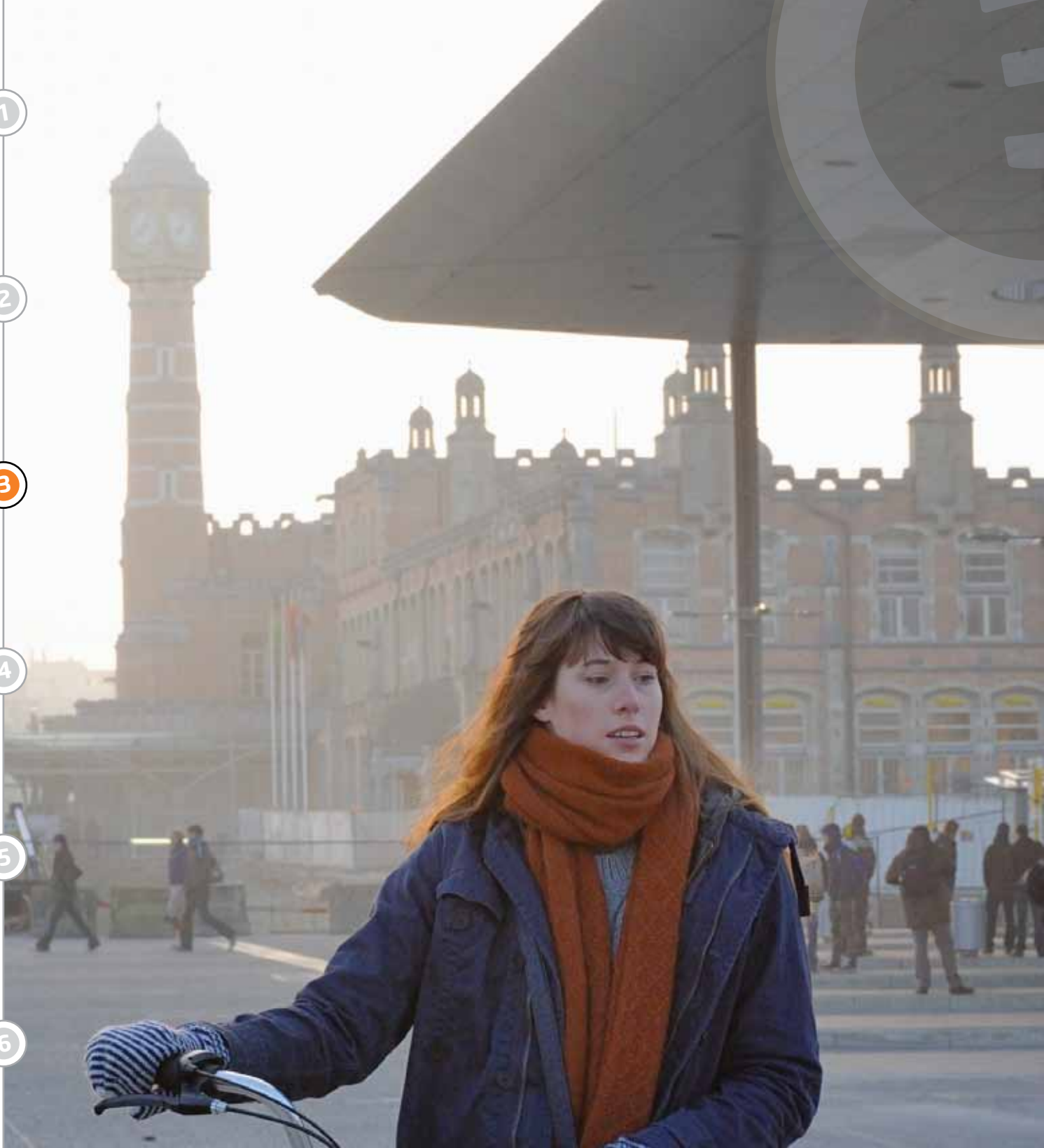
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### 3.4 NETWORK MOBILITY HAS ENABLED A MODAL SHIFT TO THE TRAIN AND SUSTAINABLE MODES OF TRANSPORT

By modernising stations - intermodal network mobility nodes - improving the quality of our railway services, extending our range of transport and offering our customers an à la carte choice of mobility, SNCB-

Holding has contributed to the growth in rail passenger transport, thus enabling a modal shift from the car to the train and to more sustainable and less polluting modes of transport.



Indeed, since the start of 21<sup>st</sup> century, the Group has experienced solid growth, outstripping the other means of transport, and the modal shift to rail is an established fact. This progression will continue in the coming decades, in a context of demographic growth and increasing urbanisation.

To maintain and reinforce the modal shift, SNCB-Holding continues to make significant investments as a station manager, and is working in parallel to realise its vision of the mobility of the future: "network mobility" with the station as a hub.

Sustainability is the guiding principle across all facets of our corporate management. So the challenges are enormous as regards managing skills, maintaining healthy finances and reducing our ecological impact.

### Key numbers illustrating growth and efficiency

SNCB-Holding has steadily invested in stations for many years to make them mobility welcome centres, and has also invested in car and bike parks and IT. Car sharing and bike sharing projects have been launched, using stations as a hub. They represent a response to the new emerging trends in our transport habits, which currently focus mainly on young people.

These initiatives take their place in a burgeoning market comprising rail transport and all forms of public transport. Between 2000 and 2011, the annual number of passengers on SNCB trains increased by 51%, to 229 million in 2011. This means that we are getting back to the same level as in the early 60s, just before the car began to take over.

Following the significant decline until 1987, passenger numbers recovered in 2011 to the 1960 level.

The strong growth over the last decade means that the train has also gained market share over the other forms of motorised transport.

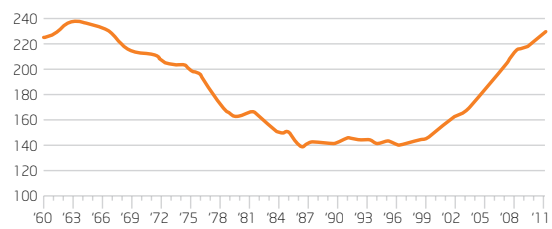
Since the start of the century, bus-tram-metro mobility has outstripped car mobility, and rail mobility has done even better.

All the projections point to sustained growth in long-term passenger rail transport. To provide a qualitative response, the Group needs to continue investing, aware that between 2000 and 2011 annual investments have more than doubled.

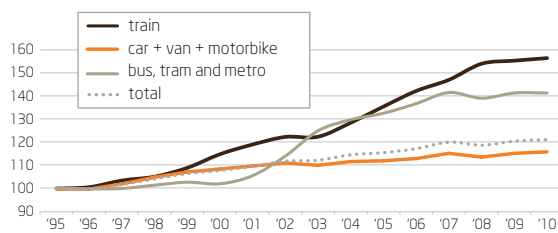
In the period 2000-2011, the Group's annual investments increased from 800 to 1,912 million euros.

And investments will be one of the key issues in the next round of negotiations with the federal government for renewal of the management contract.

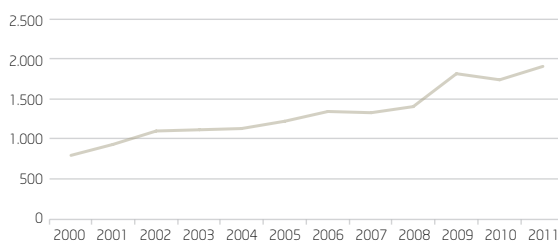
Passengers domestic and international (non Eurostar)



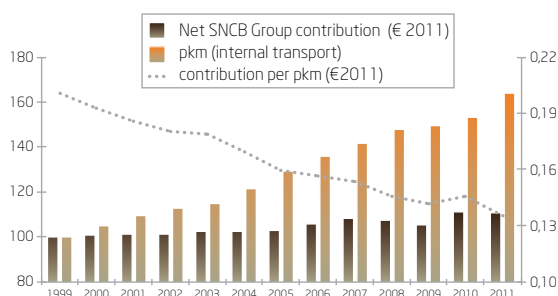
Changes in passenger-km by mode of transport (index 1995 = 100)



SNCB "Group" investments since 2000 (excl. SPVs and PPPs)



Contribution per passenger-km at Group level (euro/p-km)





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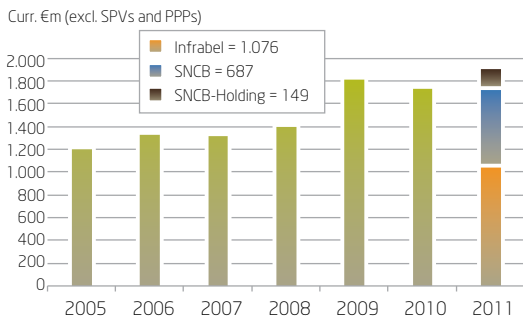
## INVESTING FOR CONTINUED GROWTH

The SNCB Group is one of the country's main investors. Through its investments, it seeks to improve mobility in Belgium in terms of the quantity of transport available, of course, but also in terms of the quality and multi-modality of the services offered.

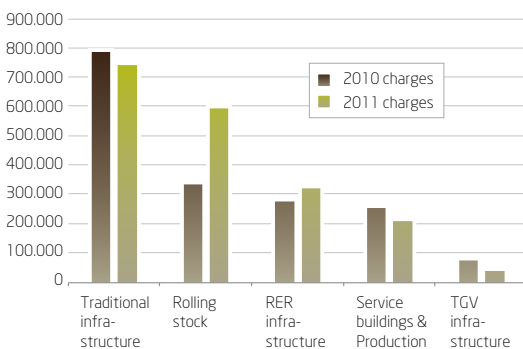
SNCB-Holding invests in network mobility and intermodality through its stations, car parks, ICT and network mobility solutions to further stimulate the modal split.

## Record year for SNCB Group investments

2011 was a record year: overall, the SNCB Group has never invested so much in a single year. In fact, for the first time the threshold of 1.9 billion euros invested in one year was exceeded, with 1,912 million euros in total.



The following graph illustrates, in broad terms, the changes in investments compared with 2010.



A slight contraction occurred in respect of conventional infrastructures, but this in no way affected the investments related to the ETCS (European Train Control System) installation, up by 63%, or the traditional extensions (apart from RER and TGV which are discussed elsewhere), up by 16%, which directly underpin the Group's growth on the mobility market.

For their part, SNCB's investments in its rolling stock fleet underwent a quite spectacular change compared with 2010, mainly as a result of purchases of new railcars and locomotives. The number and quality of seats offered on rolling stock are a priority for SNCB's mobility policy.

There was also a significant increase in RER investments compared with 2010, reflecting the actual completion of work on the ground. On the other hand, investments relating to TGV stations and infrastructures are nearing their close, and are therefore down compared with 2010.

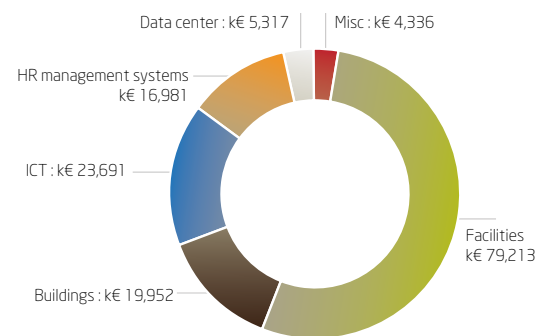
As regards investments in "service buildings and production resources", the change is mainly due to the completion of a major investment in Bruges.



It should also be pointed out that, outside this 1,912 million euro envelope, there are five other "alternatively" financed infrastructure extension projects. The Liefkenshoek tunnel in the port of Antwerp and the Diabolo project towards Brussels-National airport are public-private partnerships. The modernisation of the Brussels-Namur-Luxembourg stretch, the infrastructure works at Zwankendamme (Zeebrugge) and the project in the port of Brussels are each prefunded via an SPV, Special Purpose Vehicle.

## SNCB-Holding investing in passenger facilities

In 2011, SNCB-Holding invested some 150 million euros in its sectors of activity.



The major part of the investments was devoted to customer facilities, especially at stations and car parks (74 million euros). Another part was dedicated to RER (12.9 million euros) and TGV (3.9 million euros) projects, as well as public area telemonitoring systems amounting to 3.1 million euros.

As regards the ICT sector, two major projects should be highlighted: modernisation of the HR management system (€17.0m) and construction of a new data centre at Mechelen (€5.3m). For the rest, investments in more traditional IT applications and systems complete the picture (€23.7m).





# 5

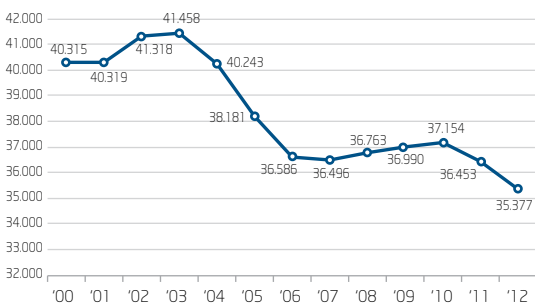
## HUMAN RESOURCES

During the past few years, the Group as an employer has clearly forged a solid reputation and has at the same time become more attractive in the eyes of potential candidates. The search for new employees, particularly in staff shortage areas, requires major efforts and considerable budgets. However, the total cost invoiced by HR services remains under control and has hardly increased at all.

## Changes in employee headcount

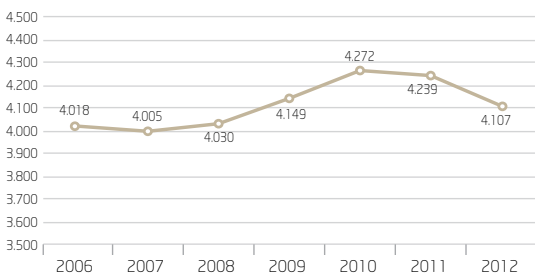
As at 1 January 2011, the SNCB Group had 36,985 employees on the payroll, corresponding to 35,377 full-time equivalents. The 1,468 new employees recruited in 2011 included approximately 17% women, slightly below the 2010 level. Since 2004, the total number of Group employees has fallen, with an interruption of the decline in the period 2007 - 2009.

Holding FTE changes (numbers as at 1 January)



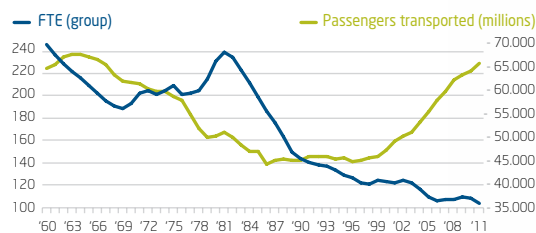
The same trend can be seen in the number of SNCB-Holding FTEs.

FTE changes (numbers as at 1 January)



## The employee per passenger transported ratio has fallen sharply

The number of employees continues to fall while the number of passengers has increased year on year since the start of the century.



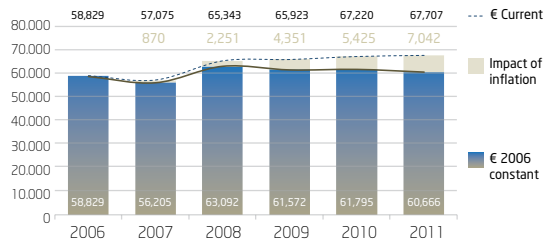
## HR management costs under control

The HR management costs invoiced by SNCB-Holding within the Group amounts to roughly 3% of the total payroll.

HR services do not only include the administration of salaries and careers, but also the selection and recruitment of 1,500 to 1,800 employees a year, the training centre with its wide range of courses, occupational health care, pensions management, etc.

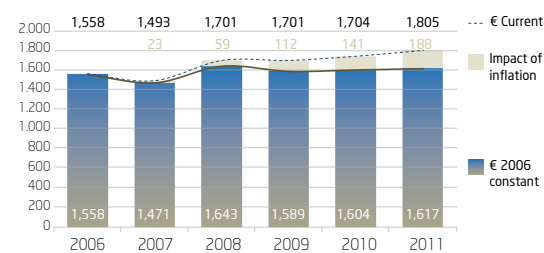
Since 2008, considerable extra efforts have been provided for national recruitment campaigns and for expansion of the range offered by the Train@Rail training centre. Over the period 2008-2011, the total invoiced for HR services has remained virtually identical, and has even reduced in constant euros.

Holding HR billing (x 1.000 €)



Per employee, billing in constant euros has remained practically unchanged since 2008.

Holding HR billing per employee (€/head)







## FINANCIAL MANAGEMENT

In accordance with articles 95 and 96 of the Companies Code, the Board of Directors has prepared a management report providing information on the following points:

## 6.1 CHANGES IN ACTIVITIES AND RESULTS

### Transfer to IFRS accounting rules

During the financial year 2011, the ambitious project to convert the annual accounts to IFRS accounting rules, as imposed by article 89 of the Management Contract signed between SNCB-Holding and the State, was continued and completed.

The company accounts for 2011 have been prepared and audited in accordance with two sets of accounting standards (Belgian and IFRS). The concordance between the two versions of the annual accounts has been verified, but the duality of standards results in different numbers, since the accounting rules are different depending on the standards applied.

The present report was attached to the accounts filed at the National Bank of Belgium, which were prepared in accordance with Belgian standards, and the numbers quoted are therefore determined according to these accounting rules.

### EBITDA

One of the key indicators of a company's financial performance is the change in gross operating cash-flow, which is arrived at by calculating the EBITDA.

As at 31 December 2011, EBITDA amounted to €124.4 million, compared with €112.4 million in 2010, an increase of €12.0 million (10.7%).

This positive change is primarily explained by:

- an overall reduction in turnover and orders-in-progress of €24.1 million;
- a reduction in overall personnel costs of €16.1 million;
- a reduction in miscellaneous goods and services of €28.6 million;
- a reduction in capitalised production of €4.8 million.

It will be seen that the EBITDA improved notwithstanding the significant efforts allowed on rates applied for intragroup invoicing. This result was obtained by virtue of close cost control, as regards both personnel and external charges.

### Other significant elements in the results

After taking into account amortisation (-€81.0 million), value reductions on receivables and stock (-€3.6 million) and provisions (+€20.7 million), the

operating profit (EBIT) was €60.5 million, an improvement of 22.0 million compared with 2010 (€38.5 million).

The financial results are negative to the tune of €0.4 million. They include financial products totalling €271.9 million, 82.0 million of which is for amortisation of capital subsidies received, and financial charges of €272.3 million including in particular the net interest charge relating to the "management contract" debt amounting to €76.9 million.

In view of the expected financial prospects for the next few years for its wholly-owned subsidiary SNCB, SNCB-Holding has reduced the value of its shareholding in SNCB to zero, resulting in a value reduction of €128.6 million charged to the financial year 2011.

The overall result for the financial year is a negative €16.2 million, as against a loss of €201.5 million in 2010, i.e. an improvement of €185.3 million.

### Balance sheet

The overall balance for SNCB-Holding was €10,130.2 million, representing a reduction compared with the previous year (€10,450.8 million).

The balance sheet structure is still characterised by a significant amount of fixed assets (€5,319.4 million) essentially representing tangible fixed assets (€1,323.5 million), but also financial fixed assets (€3,880.4 million of shareholdings in subsidiaries).

With particular regard to tangible fixed assets and intangible fixed assets, SNCB-Holding invested €149.5 million in 2011, including €32.7 million for stations and €41.2 million for car parks.

The remaining assets are current assets (€4,810.8 million), which among other things include €1,423.0 million of receivables falling due in more than one year and €2,127.2 million of cash investments and liquid assets.

The liabilities mainly comprise €1,855.0 million of shareholders' equity, €4,580.4 million of debts falling due in more than one year and €2,541.8 million of debts falling due within one year.

It is important to note however that the balance sheet debt cannot be analysed without offsetting against it certain assets (fixed term deposits or receivables) which are closely linked to it, due to the structure of certain loans, and also the cash-pooling function assumed by SNCB-Holding in favour of the SNCB Group. For this reason indebtedness is subject to a specific calculation as detailed below.





## Changes in indebtedness

SNCB-Holding's net indebtedness is the debt contracted with financial institutions as entered in the accounts:

- + interest-bearing intragroup debts;
- interest-yielding intragroup cash investments;
- "Back-to-Back" transactions concluded with the State in connection with the write-back of debt to 1 January 2005;
- liquid assets and cash investments with financial institutions not managed on behalf of third parties (RER Fund, Liefkenshoektunnel, Employee Benefits Fund);
- cash investments earmarked for partial repayment of the nominal debt amount contracted with financial institutions;
- interest-yielding receivables relating to intragroup companies.

During the 2011 financial year, SNCB-Holding's net debt reduced by €78.9 million, from €2,822.9 million to €2,744.0 million. This favourable change is primarily the result of the achievement of savings targets at an operational level combined with the sale, on excellent terms, of non-strategic immovable assets (notably the Kamgebouw building in Bruges).

Article 88 of the management contract entered into with the State imposes stabilisation of the debt for which it is responsible, i.e. disregarding the loans made on behalf of public authorities, in connection with contracts by which the latter secure the principal and interest charge of such loans. The graph below shows the changes in this debt and demonstrates that SNCB-Holding has met the target imposed by its management contract.

It should be pointed out that the amount of the 2010 debt included in the above graph does not correspond to the amount published in the management report for



the financial year 2010. In fact, there is a difference of €10 million, which is explained by the conversion to IFRS standards which required an adjustment to the accounts and therefore a recalculation of the 2010 debt.

The company's financial policy provides in particular that the ratio of fixed to variable interest rates must be 2/3 to 1/3, with a ±5% margin. As at the end of December 2011, this fixed-variable ratio was 63.10% and 36.90% respectively. These ratios therefore fall within the authorised range.

## Participatie in B-Logistics

De engagementen die eind 2009 door de NMBS-Holding genomen werden om de logistieke activiteit van de NMBS-Groep gezond te maken, en die door de Europese Unie in mei 2010 en door de Nationale Paritaire Commissie in november 2010 goedgekeurd werden, werden gerealiseerd.

Een specifiek filiaal, NMBS Logistics, heeft zijn activiteit kunnen opstarten in februari 2011, en voert het goedgekeurde herstructureringsplan uit.

## 6.2 SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date for the financial year 2011.

## 6.3 CIRCUMSTANCES POSSIBLY HAVING A MATERIAL INFLUENCE ON THE DEVELOPMENT OF THE COMPANY

Apart from the circumstances mentioned below under the risks heading, there are no particular circumstances currently worth highlighting.

## 6.4 RESEARCH AND DEVELOPMENT ACTIVITY

The Company does not conduct any research and development activity which can be valued as such.

## 6.5 COMPANY BRANCHES

SNCB-Holding does not have any branches.





## 6.6 APPLICATION OF CONTINUITY RULES

SNCB-Holding's result for the year was a negative €16.2 million, but it should be pointed out that, from its activities, the Company generated a gross operating surplus (EBITDA) which was a positive €124.4 million as at the end of 2011, up by €12.0 million on 2010. This amount largely covers the financial charges connected with the "management contract" debt (€76.9 million).

Furthermore, SNCB-Holding's net "management contract" debt fell by €170.0 million in one year.

Lastly, although SNCB-Holding's rating was downgraded in 2011 by the rating agencies Moody's (from Aa1 to A1) and Standard & Poor's (from AA to A+, with a "negative" outlook), we should highlight the success achieved by the EMTN financing programme launched at the beginning of 2012 by SNCB-Holding, which has succeeded in raising funds amounting to €500 million on attractive financial terms (4.0465%, as compared with corresponding OLO rate on the date the issue was concluded, namely 3.61%).

In accordance with the obligations arising from article 109 of the management contract, the SNCB-Holding

Board of Directors monitors the changes in the SNCB financial situation with careful attention as this negative impact risks jeopardising the financial equilibrium of the SNCB Group as a whole and, at the same time, compromising the achievement of the management contract objectives.

As in the previous year, SNCB-Holding was requested by the SNCB board of directors to provide it with a "letter of comfort" guaranteeing its continuity.

On 27 April 2012 SNCB-Holding guaranteed the continuity of SNCB SA de droit public (public limited company) until the Statutory General Meeting of SNCB in 2013. The undertaking also covers – for the period covered – any supplementary risks that SNCB is obliged to assume, taking due account of the applicable legal rules, in the event of discontinuity of its subsidiary SNCB Logistics.

Under their own management contract (cf. articles 83 and 82 respectively), SNCB and Infrabel have undertaken similar commitments intended to stabilise their net financial indebtedness and the consolidated financial indebtedness.



## 6.7 REPORTING AND CONTROL

Each month, an activity report is prepared by the Finance Treasury department for the Chief Financial Officer, the Deputy Chief Financial Officer, Accounts, Internal Audit, and the Audit Committee.

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

In addition, Internal Audit is responsible for verifying compliance with the financial policy defined by the company, in particular as regards the use of derivatives, and the accuracy of reports.

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

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

In accordance with article 67 of the Management Contract with the State, the Finance Department submits regular reports on the utilisation of the RER (Regional Express Network) Fund financial resources to the D.G.T.T. (Directorate-General of Ground Transportation) and the Minister of Public Enterprises.

The resources managed by SNCB-Holding for the LiefkensHoek Rail Link (under the supervision of the Flemish Region) and for the Flemish Region in connection with the Mechelen development project are also the subject of a special report to the Flemish Region.



## 6.8 RISKS AND UNCERTAINTIES RELATING TO THE USE OF FINANCIAL INSTRUMENTS AND THE COMPANY'S FINANCIAL SITUATION

In connection with financing its debt and concluding various alternative financing transactions, SNCB-Holding carries out active management with a view to controlling certain risks, in particular relating to liquidity, exchange, and credit and interest rates. For this purpose, it has drawn up a financial policy, approved by the Board of Directors, laying down stringent regulations for this risk management.

To cover exchange and interest rate risks, products known as "derivatives" are used, namely swaps, forward rate agreements, options, forward exchange contracts and futures, the underlying securities being an interest rate, inflation, an exchange rate, energy products (including diesel for diesel traction and traction electricity) or a receivable.

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

Three counterparties need to be consulted in advance for the conclusion of hedging transactions.

Trading operations are excluded.

The financial policy mentioned above is also applicable for the financial resources of the RER Fund, which SNCB-Holding manages in the name and on behalf of the State.

### Liquidity risk

When financing is contracted, account is taken of the forecast changes in the future cash flow in order to level out and reduce the cash balances as far as possible. Investments and loans must be aligned to each other in order to limit risks at an internal level to the maximum.

In addition, the liquidity risk is covered by a spread over time of the due dates of the debt. Thus, 20% at most of the outstanding debt may mature in the same year, with a maximum of 10% of the debt per quarter.

### Exchange risk

Any debt transaction, even short term, generating an exchange risk, must be immediately covered in full in EUR (capital and interest) by the use of derivatives.

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

### Interest rate risk

The working methods for limiting liquidity risks, in point 1, are also applied to cover interest rate risks.

The aim is for the part of the fixed rate debt to represent 2/3 of the total debt. This ratio may be adjusted according to market conditions, but set procedures must be complied with.







The pre-financing contracted by SNCB-Holding for the TGV project, the RER equipment and the purchase of series 18 locomotives, which is covered, is not taken into account in the ratio calculation.

### **Credit risk**

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

Maximum amounts per counterparty have also been set. These limits are, however, not applicable to investments and instruments that benefit from an AAA/Aaa rating or are issued or guaranteed by the Belgian Government, the Flemish Community, the Walloon Region, the Wallonia-Brussels Federation and the Brussels-Capital Region.

For derivatives, the credit risk in relation to the counterparties must be routinely distributed and

covered by Credit Support Annex (CSA) contracts. With regard to contracts of this type, regular calculations are made of the net amount that should be paid by either SNCB-Holding or the counterparty, in the event of cancellation of the total outstanding amount of the derivatives entered into with the latter.

Recourse to CSAs restricts the risk to a ceiling, which varies according to the rating of the counterparty. Continued downgrading of SNCB-Holding's rating (below "high grade credit") will result in considerable sums having to be lodged under these CSA contracts. In one specific case, an investor must be repaid in advance.

If a bank's rating falls below BBB+/Baa, contracts with this bank must be transferred to another bank that has a higher rating.

With counterparties that have received a "negative credit watch", no new transactions can be carried out during the negative credit watch period.



## Regional pre-financing

On 5 December 2006, the country's three Regions and the federal government entered into a pre-financing agreement for new rail infrastructures. Thanks to their financial input, SNCB-Holding can pre-finance these investments, the completion of which will be accelerated.

SNCB-Holding is advancing the necessary funds for Infrabel, or SNCB-Holding itself, to proceed with execution of the work. The Regions are contributing to the payment of interest charges, and the investments will ultimately be paid for by the federal investment contribution granted to the SNCB Group.

The implementation of four of the six infrastructure products, for which rapid and coordinated execution is seen as a priority by the three Regions, will be accelerated: these are the modernisation of the Brussels-Luxembourg line, the modernisation of the Zeebrugge marshalling yard, the Port of Brussels rail link and the construction of a car park at Ottignies-Louvain-la-Neuve.

For each project to be financed, SNCB-Holding has provided or will provide a wholly owned SPV (Special Purpose Vehicle); it assumes the market debt and places the amount of the loans at the disposal of the SPVs according to their requirements. Interest on these loans is paid by contributions from the Region concerned, up to an agreed ceiling.

One approved project has not yet started up; this is the construction of a new station at Gosselies airport.

Construction of the Liefkenshoek rail link in the Port of Antwerp is being financed by a public-private partnership.

On 1<sup>st</sup> March 2010, SNCB-Holding also entered into an agreement with SRWT (General Walloon Transport Company) and the Walloon Region for co-financing a public intermodal (train/bus) station in Mons. The choice of this joint project comes from the wish to provide perfect integration between the different modes of public transport using a shared platform. The estimated cost of the part of the station operated by the TECs is estimated at €28 million. The Walloon Region will co-finance the project by means of an indexed annuity paid between 2010 and 2025. Unlike with other pre-financing, the project will not be subject to federal investment, but fully paid for (both capital and interest) by a Region.

The cooperation agreement of 9 May 2008 governs the pre-financing of road infrastructure as part of the redevelopment of the station surroundings and the restoration of neighbouring public spaces in Mechelen. SNCB-Holding is managing the pre-financing of the construction of a road link. The Flemish Region is indemnifying the costs of constructing this link incurred by SNCB-Holding. As at 31 December 2011, the net capitalised amount paid by the Flemish Region to SNCB-Holding was €27,742,524.57.





### Transactions with related parties executed under non-market conditions

Pursuant to the Royal Decree of 10 August 2009, SNCB-Holding is obliged to provide additional information on significant transactions with related parties executed under non-market conditions, in particular by companies meeting more than one of the criteria set out in article 16, §1, sub-paragraph 1 of the Companies Code.

Although transactions with SNCB are not covered by the provisions of the Decree, since SNCB-Holding is the sole shareholder thereof, it should be noted that transactions with them are either executed at cost price (in particular the secondment of personnel), or subject to intra-group contracts (already or being entered into) which have been subject to in-depth negotiations between the parties, on the basis of market references when these were available. For certain rolling stock sub-leasing contracts, entered into at the time of implementation of the new SNCB Group structure on 1 January 2005, no market reference was, or is, however available.

With regard to Infrabel, in which SNCB-Holding holds 93.5% of the shares and 20% less one share of the

voting rights, no transactions were executed under non-market conditions. In fact, the transactions in which SNCB-Holding is the supplier are either executed at cost price (in particular the secondment of personnel) or subject to intragroup contracts (already or being entered into) which have been subject to in-depth negotiations between the parties, on the basis of market references when these were available. Likewise, the transactions in which Infrabel is the supplier are either executed at cost price (in particular the supply of electricity) or subject to intragroup contracts (already or being entered into) which have been subject to in-depth negotiations between the parties, on the basis of market references when these were available.

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

For the sake of prudence, it is also specified that no material transactions were executed under non-market conditions with companies not directly or indirectly wholly owned by the State, which owns 99.9% of the SNCB-Holding shares. Furthermore no material transactions were entered into under non-market conditions with members of management or executive bodies or persons related thereto.

## 6.9 ANNUAL ACCOUNT OF SNCB-HOLDING

SNCB-Holding has prepared its financial statements according to both Belgian generally accepted accounting principles and IFRS. Currently, only the former are subject to a certification report by the external auditors and submitted for approval to the general meeting of shareholders. The management report has been prepared on this basis and contains comments on the main developments concerning the accounts prepared under these standards.

The financial statements of SNCB-Holding according to IFRS are presented below. The financial statements prepared in accordance with Belgian generally accepted accounting principles are available on the site of SNCB-Holding (<http://www.sncb-holding.be/en/about-our-company/annual-report>), and on the site of the "Centrale des Bilans/Balanscentrale" of the National Bank of Belgium.

ASSETS (31/12/2011 - millions €)	2011	2010	Δ€	Δ%
<b>NON-CURRENT ASSETS</b>				
Intangible assets	115,5	92,9	22,6	24,3%
Property, plant and equipment	1.234,1	1.235,5	-1,4	-0,1%
A. Land	74,0	65,7	8,3	12,7%
B. Buildings	697,6	717,0	-19,4	-2,7%
C. Railway infrastructure	3,0	0,0	3,0	N.S.
D. Railway rolling stock	104,3	105,6	-1,4	-1,3%
E. Plant and various equipment	355,3	347,2	8,1	2,3%
F. Tangible fixed assets under construction	72,4	60,3	12,1	20,0%
Investment property	3.443,8	3.530,8	-86,9	-2,5%
Associates and joint ventures	13,8	13,0	0,8	6,0%
Trade and other receivables	630,8	653,2	-22,4	-3,4%
Derivatives	305,3	311,5	-6,2	-2,0%
Other financial assets	2.112,9	1.861,9	251,0	13,5%
Deferred tax assets	158,6	124,1	34,5	27,8%
<b>Subtotal of non-current assets</b>	<b>8.087,2</b>	<b>7.883,3</b>	<b>203,9</b>	<b>2,6%</b>
<b>CURRENT ASSETS</b>				
Inventories	8,3	8,4	-0,2	-1,9%
Trade and other receivables	1.017,5	1.043,9	-26,4	-2,5%
Derivatives	0,9	0,1	0,8	N.S.
Other financial assets	410,8	667,7	-256,9	-38,5%
Current tax assets	0,0	0,0	0,0	N.S.
Cash and cash equivalents	818,0	982,7	-164,6	-16,8%
<b>Subtotal of current assets</b>	<b>2.255,6</b>	<b>2.702,8</b>	<b>-447,2</b>	<b>-16,5%</b>
<b>NON-CURRENT ASSETS HELD FOR SALE</b>				
Non-current assets held for sale	1,8	0,2	1,7	N.S.
<b>TOTAL ASSETS</b>	<b>10.344,6</b>	<b>10.586,3</b>	<b>-241,7</b>	<b>-2,3%</b>

\* N.S. : non-significant





Equity and liabilities (31/12/2011 - millions €)	2011	2010	Δ€	Δ%
<b>EQUITY</b>				
Share capital	741,8	741,8	0,0	0,0%
Reserves	-40,8	185,9	-226,6	-121,9%
Total comprehensive income for the financial year	-40,6	-226,6	186,1	-82,1%
<b>Total equity</b>	<b>660,4</b>	<b>701,0</b>	<b>-40,6</b>	<b>-5,8%</b>
<b>NON-CURRENT LIABILITIES</b>				
Employee benefit obligations	427,1	444,2	-17,1	-3,9%
Provisions	108,2	207,2	-99,0	-47,8%
Financial liabilities	4.583,7	4.326,1	257,6	6,0%
Derivatives	444,9	269,3	175,7	65,2%
Trade and other payables	27,7	20,0	7,7	38,7%
Grants	1.220,3	1.156,6	63,6	5,5%
Other amounts payable	324,7	387,4	-62,7	-16,2%
<b>Subtotal of non-current liabilities</b>	<b>7.136,7</b>	<b>6.810,9</b>	<b>325,8</b>	<b>4,8%</b>
<b>CURRENT LIABILITIES</b>				
Employee benefit obligations	30,6	34,5	-3,9	-11,4%
Provisions	33,2	29,4	3,8	12,9%
Financial liabilities	1.154,9	1.467,4	-312,5	-21,3%
Derivatives	47,7	35,7	12,0	33,6%
Trade and other payables	255,9	275,1	-19,2	-7,0%
Social debts	534,7	552,4	-17,7	-3,2%
Grants	71,3	67,5	3,8	5,7%
Other amounts payable	419,3	612,3	-193,1	-31,5%
<b>Subtotal of current liabilities</b>	<b>2.547,5</b>	<b>3.074,3</b>	<b>-526,9</b>	<b>-17,1%</b>
<b>LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE</b>				
Liabilities associated with non-current assets held for sale	0,0	0,0	0,0	N.S.
<b>Total liabilities</b>	<b>9.684,2</b>	<b>9.885,3</b>	<b>-201,1</b>	<b>-2,0%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10.344,6</b>	<b>10.586,3</b>	<b>-241,7</b>	<b>-2,3%</b>

STATEMENT OF COMPREHENSIVE INCOME	2011	2010	Δ€	Δ%
<b>CONTINUING OPERATIONS</b>				
<b>OPERATING INCOME BEFORE INVESTMENT GRANTS</b>				
Turnover	2.238,1	2.266,0	-27,9	-1,2%
Operating grants	227,1	223,2	3,9	1,7%
Internally generated fixed assets	26,2	31,0	-4,8	-15,5%
Other operating income	60,9	40,6	20,2	49,8%
<b>Total of the operating income before investment grants</b>	<b>2.552,3</b>	<b>2.560,9</b>	<b>-8,6</b>	<b>-0,3%</b>
<b>OPERATING EXPENSES BEFORE DEPRECIATION AND IMPAIRMENT</b>				
Purchase of raw materials and goods for resale	-0,4	-0,2	-0,2	86,8%
Services and other goods	-251,3	-271,4	20,2	-7,4%
Employee benefit expenses	-2.101,6	-2.143,9	42,3	-2,0%
Other operating expenses	-9,5	-11,1	1,6	-14,2%
<b>Total of the operating expenses before depreciation and impairment</b>	<b>-2.362,7</b>	<b>-2.426,6</b>	<b>63,9</b>	<b>-2,6%</b>
<b>Operating result before investment grants, depreciation and impairment</b>	<b>189,6</b>	<b>134,3</b>	<b>55,3</b>	<b>41,2%</b>
Investment grants	73,9	80,8	-6,9	-8,5%
Depreciation and impairment losses on intangible assets, property, plant and equipment and investment properties	-83,2	-89,2	6,0	-6,7%
Impairment losses on investments in subsidiaries, joint ventures and associates	-129,5	-291,4	161,9	-55,5%
<b>Operating result</b>	<b>50,7</b>	<b>-165,5</b>	<b>216,2</b>	<b>N.S.</b>
Financial income	342,6	330,4	12,2	3,7%
Financial expenses	-492,9	-418,3	-74,7	17,9%
<b>Net financial result</b>	<b>-150,3</b>	<b>-87,9</b>	<b>-62,4</b>	<b>71,0%</b>
<b>Net result from continuing operations before tax</b>		<b>-253,4</b>	<b>153,8</b>	<b>-60,7%</b>
Income taxes	55,4	21,4	34,0	158,9%
<b>Net result from continuing operations</b>	<b>-44,1</b>	<b>-232,0</b>	<b>187,8</b>	<b>-81,0%</b>
<b>NET RESULT FOR THE YEAR</b>	<b>-44,1</b>	<b>-232,0</b>	<b>187,8</b>	<b>-81,0%</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR :</b>				
That will not be reclassified subsequently to profit or loss				
Actuarial differences on post-employment benefits	22,9	4,3	18,6	N.S.
Tax relating to other comprehensive income	-20,9	1,0	-22,0	N.S.
<b>Subtotal of the other comprehensive income for the year that will not be reclassified subsequently to profit or loss</b>	<b>2,0</b>	<b>5,3</b>	<b>-3,3</b>	<b>-62,7%</b>
That will be reclassified subsequently to profit or loss when specific conditions are met				
Available-for-sale financial assets	1,6	0,0	1,6	N.S.
Tax relating to other comprehensive income	0,0	0,0	0,0	N.S.
<b>Subtotal of the other comprehensive income for the year that will be reclassified subsequently to profit or loss when specific conditions are met</b>	<b>1,6</b>	<b>0,0</b>	<b>1,6</b>	<b>N.S.</b>
<b>Total other comprehensive income for the year</b>		<b>5,3</b>	<b>-1,8</b>	<b>-33,2%</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>-226,6</b>	<b>186,1</b>	<b>-82,1%</b>





## 6.10 LIMITED CONSOLIDATED ACCOUNTS AS AT 31 DECEMBER 2011

The limited consolidated accounts constitute an appropriate reporting, established in conformity with the article 92 of the management contract binding the Belgian State and SNCB-Holding.

These are SNCB Group consolidated financial statements, but which perimeter is limited to the four companies shaping the Group basis, namely SNCB-Holding, Infrabel, SNCB and SNCB Logistics. This limited perimeter allows to comprehend the economic and financial evolution of the group derived from the former single structure shaped by SNCB until end 2004.

Like SNCB-Holding statutory accounts and consortium consolidated accounts, the limited consolidated accounts as at 31 December 2011 have been prepared according to IFRS standards. They are available for consultation in their full version on the SNCB-Holding website (<http://www.sncb-holding.be/en/about-our-company/annual-report>).

ASSETS (31/12/2011)	2011	2010	Δ€	Δ%
<b>FIXED ASSETS</b>				
Intangible assets	1.693,9	1.630,0	63,9	3,9%
Property, plant and equipment	18.469,4	17.464,3	1.005,2	5,8%
A. Land	333,9	326,8	7,1	2,2%
B. Buildings	1.014,3	1.115,7	-101,4	-9,1%
C. Railway infrastructure	7.739,0	7.692,3	46,7	0,6%
D. Railway rolling stock	3.157,7	3.090,7	67,0	2,2%
E. Plant and various equipment	489,9	454,2	35,7	7,9%
F. Tangible fixed assets under construction	5.734,7	4.784,6	950,1	19,9%
Investment property	72,4	60,3	12,1	20,0%
Associates and joint ventures	328,9	366,2	-37,3	-10,2%
Trade and other receivables	972,5	975,3	-2,8	-0,3%
Financial derivatives	300,5	311,5	-11,0	-3,5%
Other financial assets	1.661,9	1.703,4	-41,5	-2,4%
Deferred tax assets	158,6	124,1	34,5	27,8%
<b>Subtotal of fixed assets</b>	<b>23.658,1</b>	<b>22.635,0</b>	<b>1.023,1</b>	<b>4,5%</b>
<b>CURRENT ASSETS</b>				
Inventories	443,9	447,6	-3,7	-0,8%
Trade and other receivables	1.665,2	1.541,1	124,2	8,1%
Financial derivatives	0,9	0,1	0,9	N.S.
Other financial assets	410,9	667,8	-256,9	-38,5%
Current tax assets	0,0	0,0	0,0	N.S.
Cash and cash equivalents	693,0	559,6	133,5	23,9%
<b>Subtotal of current assets</b>	<b>3.214,0</b>	<b>3.216,1</b>	<b>-2,1</b>	<b>-0,1%</b>
<b>NON-CURRENT ASSETS HELD FOR SALE</b>				
Non-current assets held for sale	1,8	0,2	1,7	N.S.
<b>TOTAL ASSETS</b>	<b>26.873,9</b>	<b>25.851,2</b>	<b>1.022,6</b>	<b>4,0%</b>

<b>EQUITY AND LIABILITIES (31/12/2011)</b>	<b>2011</b>	<b>2010</b>	<b>Δ€</b>	<b>Δ%</b>
<b>EQUITY</b>				
Share capital	3.903,4	3.402,0	501,3	14,7%
Share premium	499,9	499,9	0,0	0,0%
Redeemed own shares (-)	-3.706,8	-3.205,5	-501,3	15,6%
Consolidated reserves	-793,0	-488,5	-304,5	62,3%
Total comprehensive income for the financial year	-348,9	-304,5	-44,4	14,6%
<b>Group equity</b>	<b>-445,5</b>	<b>-96,6</b>	<b>-348,9</b>	<b>N.S.</b>
Non-controlling interests	0,0	0,0	0,0	N.S.
<b>Total equity</b>	<b>-445,5</b>	<b>-96,6</b>	<b>-348,9</b>	<b>N.S.</b>
<b>NON-CURRENT LIABILITIES</b>				
Employee benefit obligations	458,7	483,0	-24,3	-5,0%
Provisions	208,8	221,4	-12,6	-5,7%
Financial liabilities	4.583,7	4.329,8	253,8	5,9%
Financial derivatives	397,4	269,3	128,2	47,6%
Deferred tax liabilities	0,0	0,0	0,0	N.S.
Trade and other payables	29,6	20,0	9,6	48,2%
Grants	17.289,2	16.256,5	1.032,7	6,4%
Other amounts payable	283,4	349,2	-65,8	-18,9%
<b>Subtotal of non-current liabilities</b>	<b>23.250,8</b>	<b>21.929,3</b>	<b>1.321,5</b>	<b>6,0%</b>
<b>CURRENT LIABILITIES</b>				
Employee benefit obligations	40,5	41,7	-1,2	-2,8%
Provisions	99,8	53,6	46,1	86,0%
Financial liabilities	825,0	1.021,2	-196,1	-19,2%
Financial derivatives	25,2	35,7	-10,5	-29,5%
Current tax payables	0,0	0,0	0,0	N.S.
Trade and other payables	1.049,7	830,4	219,4	26,4%
Social debts	536,8	552,4	-15,6	-2,8%
Grants	605,8	571,2	34,6	6,1%
Other amounts payable	885,9	912,5	-26,6	-2,9%
<b>Subtotal of current liabilities</b>	<b>4.068,6</b>	<b>4.018,6</b>	<b>50,0</b>	<b>1,2%</b>
<b>LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE</b>				
Liabilities associated with non-current assets held for sale	0,0	0,0	0,0	N.S.
<b>Total liabilities</b>	<b>27.319,4</b>	<b>25.947,8</b>	<b>1.371,6</b>	<b>5,3%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>26.873,9</b>	<b>25.851,2</b>	<b>1.022,6</b>	<b>4,0%</b>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	2011	2010	Δ€	Δ%
<b>CONTINUING OPERATIONS</b>				
<b>OPERATING INCOME BEFORE INVESTMENT GRANTS</b>				
Turnover	1.585,9	1.557,1	28,9	1,9%
Operating grants	1.346,3	1.328,5	17,8	1,3%
Internally generated fixed assets	510,6	509,6	1,0	0,2%
Other operating income	128,5	141,3	-12,9	-9,1%
<b>Total of the operating income before investment grants</b>	<b>3.571,3</b>	<b>3.536,6</b>	<b>34,8</b>	<b>1,0%</b>
<b>OPERATING EXPENSES BEFORE DEPRECIATION AND IMPAIRMENT</b>				
Purchase of raw materials and goods for resale	-229,7	-197,7	-31,9	16,2%
Services and other goods	-1.223,5	-1.170,4	-53,1	4,5%
Employee benefit expenses	-2.111,3	-2.171,4	60,2	-2,8%
Other operating expenses	-64,6	-1,5	-63,1	N.S.
<b>Total of the operating expenses before depreciation and impairment</b>	<b>-3.629,1</b>	<b>-3.541,1</b>	<b>-88,0</b>	<b>2,5%</b>
<b>Operating result before investment grants, depreciation and impairment</b>	<b>-57,7</b>	<b>-4,5</b>	<b>-53,2</b>	<b>N.S.</b>
Investment grants	704,6	600,7	103,9	17,3%
Depreciation and impairment	-862,2	-778,1	-84,1	10,8%
<b>Operating result</b>	<b>-215,4</b>	<b>-181,9</b>	<b>-33,4</b>	<b>18,4%</b>
Financial income	314,9	303,6	11,3	3,7%
Financial expenses	-505,8	-452,9	-52,9	11,7%
<b>Net financial result</b>	<b>-190,9</b>	<b>-149,3</b>	<b>-41,6</b>	<b>27,9%</b>
<b>Net result from continuing operations before tax</b>	<b>-406,3</b>	<b>-331,2</b>	<b>-75,0</b>	<b>22,7%</b>
Income taxes	55,4	21,4	34,0	N.S.
<b>Net result from continuing operations</b>	<b>-350,9</b>	<b>-309,8</b>	<b>-41,0</b>	<b>13,2%</b>
<b>DISCONTINUED OPERATIONS</b>				
Net result for the year from discontinued operations	0,0	0,0	0,0	N.S.
<b>NET RESULT FOR THE YEAR</b>	<b>-350,9</b>	<b>-309,8</b>	<b>-41,0</b>	<b>13,2%</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>				
That will not be reclassified subsequently to profit or loss				
Actuarial differences on post-employment benefits	22,9	4,3	18,6	N.S.
Tax relating to other comprehensive income	-20,9	1,0	-22,0	N.S.
<b>Subtotal of the other comprehensive income for the year that will not be reclassified subsequently to profit or loss</b>	<b>2,0</b>	<b>5,3</b>	<b>-3,3</b>	<b>-62,7%</b>
That will be reclassified subsequently to profit or loss when specific conditions are met				
Translation differences	0,0	0,0	0,0	N.S.
Available-for-sale financial assets	0,0	0,0	0,0	N.S.
Tax relating to other comprehensive income	0,0	0,0	0,0	N.S.
<b>Subtotal of the other comprehensive income for the year that will be reclassified subsequently to profit or loss when specific conditions are met</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>N.S.</b>
<b>Total other comprehensive income for the year</b>	<b>2,0</b>	<b>5,3</b>	<b>-3,3</b>	<b>-62,7%</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-348,9</b>	<b>-304,5</b>	<b>-44,4</b>	<b>14,6%</b>
<b>Net result for the year</b>				
Attributable to the shareholders	-350,9	-309,8	-41,0	13,2%
Attributable to non-controlling interests	0,0	0,0	0,0	N.S.
<b>Total comprehensive income</b>				
Attributable to the shareholders	-348,9	-304,5	-44,4	14,6%
Attributable to non-controlling interests	0,0	0,0	0,0	N.S.



2011	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
<b>Net result for the year</b>	<b>-350,9</b>
Adjustments for	
Depreciation and impairment on property, plant and equipment, intangible assets, investment property and non-current assets held for sale	820,9
Write-down on inventories, impairment losses on trade debtors and other amounts receivable	49,9
Changes in fair value of financial derivatives	76,9
Changes in fair value of and impairment losses on other financial assets and financial liabilities	16,0
(Gain) / loss on disposal of property, plant and equipment and intangible assets, investment property and non-current assets held for sale	-37,4
(Gain) / loss on disposal of financial assets	40,7
Fees on cross-border arrangements recognised in net result	-20,2
Provisions	33,5
Employee benefits	-2,5
Investment grants recognised in net result	-707,7
Net of interest income and expenses	125,7
Share of net result of entities accounted for using the equity method	-55,4
Income taxes	-0,6
<b>Translation differences</b>	<b>-11,1</b>
<b>Change in net working capital</b>	
Inventories	-22,7
Trade and other receivables	-207,0
Trade and other payables, and social debts	116,5
<b>Cash generated from operations</b>	<b>-113,2</b>
Tax paid	0,0
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>-124,2</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Acquisition of property, plant and equipment, intangible assets and investment property	-2.020,8
Acquisition of financial assets	-74,7
Acquisition of subsidiaries, net	-3,4
Investment grants received	1.861,6
Proceeds from disposal of property, plant and equipment and intangible assets, investment property and non-current assets held for sale	154,9
Proceeds from disposal of other financial assets	436,9
Proceeds from disposal of financial participations and receivables	0,0
Interest received	84,8
Dividends received	7,0
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>446,3</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
Increase / (decrease) of financial liabilities	799,4
Redemption of financial liabilities (including financial lease liabilities)	-830,1
Redemption/payments of financial derivatives	54,2
Interest paid	-216,2
Dividends paid	0,0
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>-192,6</b>
<b>(DECREASE) / INCREASE IN CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS</b>	<b>129,5</b>
<b>CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE BEGINNING OF THE YEAR</b>	<b>559,6</b>
Translation differences	0,0
<b>CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR</b>	<b>689,0</b>



# 7

## CORPORATE GOVERNANCE

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

In the world in which we operate, Corporate Governance is a major issue and demands the greatest attention and most transparent rules. As a public company, SNCB-Holding is firmly committed to taking responsibility for and improving the management and control of its activities. Because of its public service duties, SNCB-Holding's responsibility is directly incurred with respect to its reference shareholder – the State – and its customers: people who travel by train.



## Corporate Governance statement

With respect to rules of corporate governance, SNCB-Holding complies with the reference code imposed by the royal decree of 6 June 2010 (Ministerial Order of 28 June 2010, p. 39622 et seq.), save as provided for by the Law of 21 March 1991 on the reform of certain economic public enterprises.

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

- the Steering Committee
- the National Joint Commission
- the Three CEOs Committee
- the Strategic Unit

Not forgetting the inspection bodies, such as the Government Commissioner and the Board of Auditors.

For a more detailed description of the management structure and the operating rules of the management bodies, please refer to the Corporate Governance Charter published on the SNCB-Holding website ([www.sncb-holding.be](http://www.sncb-holding.be)).

## Derogation from the Belgian Corporate Governance Code 2009

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

Provisions 4.1 and 4.2 stipulate that the Board of Directors establishes appointment procedures and selection criteria for directors and that it is the Chairman or other non-executive director that conducts the appointment process. However, article 162 bis §2 of the Law of 1991 stipulates that the King shall appoint a number of directors in proportion to the voting rights attached to the shares held by the State. As the Belgian State holds 99.998% of the shares, all its directors are appointed by the King, according to the complementary nature of their skills.

Provision 4.6 stipulates that the directors' mandates must not exceed four years, whereas, according to article 162 bis §3 of the Law of 1991, the mandates of the SNCB-Holding directors have a 6-year term.

Provision 4.7 stipulates that the chairman is appointed by the Board; article 162 bis §5 on the other hand stipulates that the chairman shall be appointed by the King.





## SNCB-HOLDING: COMPOSITION OF THE MANAGEMENT AND CONTROL BODIES IN 2011

### Board of Directors

**Chairman:** Jean-Claude FONTINOY

**CEO:** Jannie HAEK

**Directors:** Eddy BRUYNINCKX, Catherine GERNAY, Luc JORIS, Paul MATTHYS, Lieve SCHUERMANS, Magali VERDONCK, Marianne VERGEYLE, Melchior WATHELET

### Executive Committee

**Chairman:** Jannie HAEK

**Executive Officers:** Michel ALLE (Finance), Vincent BOURLARD (Stations), Alex Migom (to 31 August 2011), Michel BOVY (from 1 September 2011) (Strategy & Coordination), Tony VAN DEN BERGHEN (to 30 September 2011), Sven AUDENAERT (from 1 October 2011) (Human Resources)

### Audit Committee

The composition of the Audit Committee is such that it comprises the multiple skills required for a public company of the size of SNCB-Holding. The Chairman has extensive skills in accountancy and auditing (Degree in Management Sciences and Masters in Accountancy, statutory auditor, deputy auditor to the Court of Accounts, Budget Ministry responsibilities, finance inspector). The other members have, in particular, experience in high-level business management, experience as directors of public or private companies, professional and academic experience in company law and European law.

**Chairman:** Lieve SCHUERMANS

**Members:** Eddy BRUYNINCKX, Catherine GERNAY, Melchior WATHELET

### Appointments and Remuneration Committee

**Chairman:** Jean-Claude FONTINOY

**Members:** Jannie HAEK, Luc JORIS, Marianne VERGEYLE

### Strategic Committee

**Chairman:** Jannie HAEK

**Members:** The other 9 directors. The 4 Executive Officers. Representatives of union bodies: Michel Abdissi, Dominique Dalne, Jean-Pierre Goossens, Luc Piens, Serge Piteljon, Marcel Vertongen

### Steering Committee

**Chairman:** Jannie HAEK

**Members:** Marc Descheemaeker, Luc Lallemand, Marc Van Laethem, Gerard Gelmini (to 30 September 2011), Michel Abdissi (from 1 October 2011), Jos Digneffe

### National Joint Commission

**Chairman:** Jean-Claude FONTINOY

**SNCB Group Delegation:** Jannie HAEK, Michel ALLE, Alex MIGOM (tot 31 augustus 2011), Michel BOVY (vanaf 1 september 2011), Tony VAN DEN BERGHEN (tot 30 september 2011), Sven AUDENAERT (vanaf 1 oktober 2011), Luc LALLEMAND, Jean-Marie RAVIART (tot 30 september 2011), M. Luc VANSTEENKISTE (vanaf 1 oktober 2011), Eddy CLEMENT, Marc DESCHEEMAECCKER, Sabin S'HEEREN, Richard GAYETOT

**Trade union delegates:** Jean-Pierre Goossens, Michel Abdissi (to 30 September 2011), Pierre Lejeune (from 1 October 2011), Serge Piteljon, Rudy Verleysen, Michel Praillet, Claude Deschaepmeester, Marnix Verstichel, Luc Piens, Dominique Dalne, Gerard Husson

### Government Auditor

Marc BOEYKENS

### Board of Auditors for inspection of the statutory accounts

**Chairman:** Ignace DESOMER

**Members:** Michel De Fays, Michel De Saive (to 31 May 2011), Eric Clinck (to 31 May 2011), Ria Verheyen (from 1 June 2011), Philippe Gossart (from 1 June 2011)

### Auditors for inspection of the consolidated accounts of the SNCB-Holding - Infrabel consortium

**To the General Meeting on 31 May 2011:** Mr Michel De Saive and Mr Eric Clinck on behalf of KPMG réviseurs d'entreprises S.c.C.R.L.

**From the General Meeting on 31 May 2011:** Ms Ria Verheyen on behalf of PKF bedrijfsrevisoren S.c.C.R.L. and Mr Philippe Gossart on behalf of Mazars réviseurs d'entreprises S.c.C.R.L.



Luc Joris - Marc Boeykens - Lieve Schuermans - Melchior Wathelet

Paul Matthys - Jannie Haek - Jean-Claude Fontinoy - Magali Verdonck - Marianne Vergeyle - Eddy Bruyninck - Catherine Gernay

## BOARD OF DIRECTORS

### Composition

The Board is made up of 10 members, including the CEO. At least one third of the members must be of the opposite sex (Article 162 bis § 1 of the Law of 21 March 1991). Linguistic parity is observed.

The King, by decree debated in the Council of Ministers, appoints a number of directors in proportion to the voting rights attached to the shares held by the State (article 162 bis § 2 paragraph 1 of the Law of 21 March 1991). All the directors were appointed by the King.

### Expiry of mandates

J.-C. FONTINOY (Chairman)	21.11.2010
E. BRUYNINCK	21.11.2010
L. SCHUERMANS	21.11.2010
M. VERDONCK	21.11.2010
M. VERGEYLE	21.11.2010
M. WATHELET	21.11.2010
J. HAEK (CEO)	31.01.2011
C. GERNAY	31.01.2011
L. JORIS	16.06.2015
P. MATTHYS	16.06.2015

As the Government was dealing with routine business, no decree of appointment has been signed by the King. The directors whose mandate has expired are obliged to remain in position temporarily on the basis of the principle of continuity of public service.

### Functioning

#### Frequency of meetings

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

#### During 2011, the Board met 15 times.

In exceptional cases, duly justified by urgency and social interest (except in cases excluded by law), decisions of the Board of Directors can be taken by unanimous consent of the Directors, expressed in writing.

This procedure was used once in 2011.

### Powers

The Board of Directors can carry out all actions necessary or useful for the fulfilment of the public company's corporate object.

The Board controls the management provided by the Executive Committee. The Executive Committee reports regularly to the Board.

The Board, or its Chairman, without prejudice to the powers granted to it/him under article 18 §5 (of the Law of 21 March 1991) can, at any time, request the Executive Committee to provide a report on the Company's activities or certain of them.

In 2011, in addition to ongoing matters, the Board of Directors made resolutions and monitored a certain number of major items of business:

- monitoring the restructuring of B-Cargo: the creation of SNCB Logistics, monitoring its financial situation, monitoring the reporting and social cooperation regarding the Cargo file;
- monitoring the SNCB Group's financial situation, savings plan and the Boston Consulting Group report update;
- monitoring the impact for SNCB-Holding of the credit crunch and the financial markets situation as well as changes in SNCB-Holding's rating;
- overview of the financing/refinancing to be provided in 2011 and 2012;
- the appointment of 2 executive officers and extension of the mandate of the CFO;
- establishment of the 2013-2025 investments plan;
- renewal of hospitalisation insurance for current and former employees;
- updating the SNCB-Holding environmental policy plan;
- monitoring the achievements relating to the H2R project;
- monitoring changes in the SNCB Group workforce.

## AUDIT COMMITTEE

### Functioning

#### Frequency of meetings

The Committee meets at regular intervals. The Chairman of the Committee can convene special meetings to enable the Committee to properly fulfil its remit. Directors who are not members of the Audit Committee can, if they wish, attend meetings, and if so, they receive the corresponding attendance tokens.

**During 2011, the Board met 13 times.**

### Powers

The Audit Committee carries out the tasks entrusted to it by the Board of Directors. In addition, it assists the Board of Directors by examining financial reports, in particular the annual accounts, the management report and intermediate reports. It also ensures the reliability and integrity of the financial reports with regard to risk management.

The main topics dealt with by the Audit Committee in 2011 covered:

- analysing the changes in the SNCB Group's financial situation, monitoring the savings plan and the Boston Consulting Group report update;
- monitoring the restructuring of B-Cargo: the creation of SNCB Logistics, monitoring its financial situation, monitoring the reporting and social cooperation regarding the Cargo file;
- monitoring the recommendations made by Internal Audit and the action plans agreed between it and the operational management;
- the Internal Audit 2012 activities programme, in particular the audit tasks to be carried out;
- the SNCB-Holding operating budget for 2012;
- monitoring the Mind<sup>3</sup> (Enterprise Resource Planning) project;
- monitoring the impact for SNCB-Holding of the credit crunch and the financial markets situation;
- overview of the financing/refinancing to be provided in 2011 and 2012;
- monitoring SNCB-Holding's rating;
- management and control of SNCB-Holding's tenders/contracts: study and proposals for improving procedures and internal control regarding public contracts, PricewaterhouseCoopers report;
- monitoring the subsidiaries.

## APPOINTMENTS AND REMUNERATION COMMITTEE

The existence of the Appointments and Remuneration Committee is required by Article 161 ter of the Law of 21 March 1991.

### Functioning

#### Frequency of meetings

The Committee meets as often as required in the interests of the Company.

**In 2011, the Appointments and Remuneration Committee met 11 times.**

### Powers

The Committee advises on applications proposed by the CEO with a view to the appointment of members of the Executive Committee.

It makes proposals to the Board on the remuneration and benefits granted to Executive Committee members and senior executives and monitors these issues on an ongoing basis.

It also carries out the tasks entrusted to it by the Board of Directors.

## STRATEGIC COMMITTEE

This Committee was set up by the Law of 22 March 2002 modifying the Law of 21 March 1991 (Article 161 ter §§ 1, 5, 5 bis, 6 and 7 of the Law of 21 March 1991). The Committee was installed on 20 December 2002.

### Functioning

#### Frequency of meetings

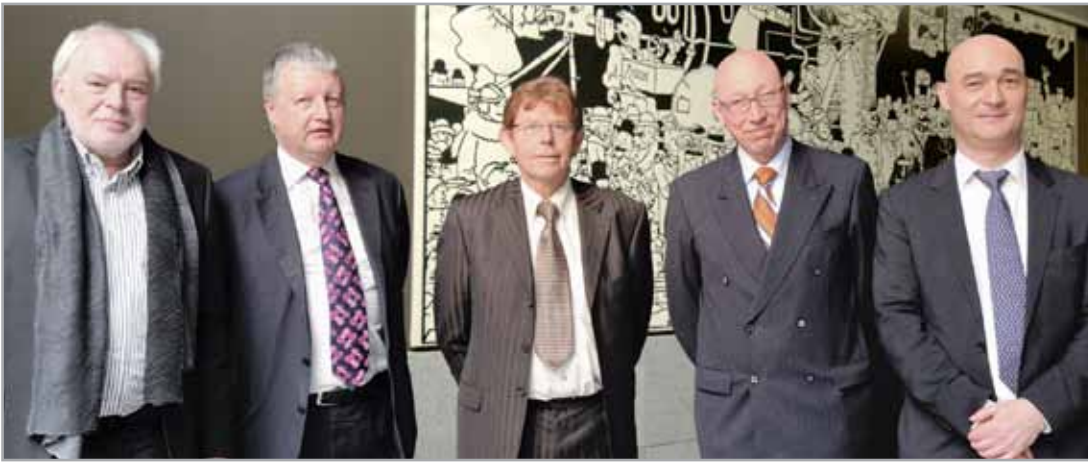
The Committee meets whenever decisions have to be taken by the Board on strategic matters for which the prior opinion of the Committee is required, and whenever the management contract needs to be discussed.

**In 2011, the Strategic Committee met 8 times.**

### Powers

Without prejudice to the powers granted to the Board and the Executive Committee, the Strategic Committee is empowered:





Vincent BOURLARD - Michel ALLE - Michel BOVY - Sven AUDENAERT - Jannie HAEK

## EXECUTIVE COMMITTEE

The CEO is appointed by the King, by Royal Decree ruled on in the Cabinet, and has a renewable 6-year term of office (article 162 quater of the Law of 21 March 1991).

The Board of Directors appoints the members of the Executive Committee at the proposal of the CEO and after hearing the opinion of the Appointments and Remuneration Committee (article 162 quater of the Law of 21 March 1991).

All the members of the Executive Committee perform full functions within SNCB-Holding or represent it (Article 162 quater of the Law of 21 March 1991).

- to give its opinion before the company's management contract is entered into and to monitor the performance of this management contract,
- to give its opinion prior to Board resolutions regarding any measures capable of influencing medium- and long-term employment,
- to give its opinion prior to Board resolutions regarding the company's general strategy, its subsidiaries, merger and acquisition processes, general personnel and investment policy, the business plan, changes in finances and annual budgets, and defence of the competitive position provided that such resolutions have a long-term impact.

The Strategic Committee was consulted on the following:

- the SNCB-Holding annual accounts and the consolidated annual accounts for 2010;
- the 2011 quarterly accounts;
- the amendment of the 2011 investment budget;
- the SNCB-Holding investment budget for 2012;
- the SNCB-Holding operating budget for 2012.

## Changes in 2011

The mandate of Mr Haek, CEO, expired on 31 January 2011. As the Government was dealing with routine business, no decree of appointment has been signed by the King; Mr Haek is, however, obliged to remain in position temporarily on the basis of the principle of continuity of public service.

In view of the retirement of Mr Alex Migom, Chief Strategy & Coordination Officer, on 1 September 2011 and Mr Tony Van Den Berghen, Chief Human Resources Officer, on 1 October 2011, the Board of Directors meeting held on 26 August 2011 appointed Mr Michel Bovy as Chief Strategy & Coordination Officer for a 6-year term as from 1 September 2011, and Mr Sven Audenaert as Chief Human Resources Officer for a 6-year term as from 1 October 2011.

The Board of Directors meeting held on 29 October 2010 renewed the mandate of Mr Vincent Bourlard, Chief Stations Officer, as from 1 January 2011.

The Board of Directors meeting held on 30 September 2011 renewed the mandate of Mr Michel Alle, Chief Financial Officer, as from 1 October 2011.

## Functioning

### Frequency of meetings

Meetings of the Executive Committee are held in principle every week, normally on Mondays.

**In 2011, the Executive Committee met 50 times.**

### Powers

The Executive Committee is responsible for the day-to-day management and the representation with regard to such management, and the implementation of resolutions of the Board of Directors.

The members of the Executive Committee form a board. They can share out tasks.



## STEERING COMMITTEE

The Steering Committee was set up in SNCB by the General Meeting of 28 May 2004. This is a statutory body with powers to assist in the development of the new structures, business plans and operational management issues.

### Frequency of meetings

The Committee meets at least once a month. It can be convened by any member or by the SNCB-Holding Executive Committee. The latter or any member can add items to the agenda (Article 25 of the Articles of Association).

**In 2011, the Steering Committee met 13 times.**

### Topics handled

The main topics dealt with by the Steering Committee in 2011 covered:

- the regulation of traffic in 2020 to Infrabel;
- the BeLEAN project at SNCB Technics workshops;
- cleaning at stations;
- monitoring the restructuring of goods activities;
- evaluating the 2008-2010 social protocol agreement;
- monitoring rail traffic punctuality;
- the SNCB Group's financial situation;
- the problem of strikes;
- discussion on issues connected with HR aspects; personnel changes, recruitment, hospitalisation insurance, etc.

## NATIONAL JOINT COMMISSION

### Topics handled

- Restructuring of the "Goods" sector;
- Career-end management measure – Statutory personnel;
- Appointment of auditors;
- PPT (prevention and protection in the workplace) structure;
- Special statutory recruitment procedure for non-university student trainees;
- Utilisation of personnel seconded to B-Freight Services (B-FS) after 1 February 2011;
- Rapid intervention in the event of disruptions to technical facilities in management office buildings;
- Filling of university and similar jobs – aptitude tests;
- Increase in basic hourly rates for productivity bonuses;
- Payment of compensatory leave arrears for the logistical personnel responsible for Infrabel traffic management;
- Passage of operators and signallers from 1st class to "signalling" electromechanical engineer grade;
- Hospitalisation insurance.

**There were 7 meetings of the National Joint Commission held in 2011.**

## THE 3 CEOs COMMITTEE

The 3 CEOs Committee is the body formed by the CEOs of the three companies and chaired by the CEO of SNCB-Holding. In particular, it prepares the

meetings of the Steering Committee and coordinates projects affecting the Group as a whole.

**The 3 CEOs Committee met 12 times.**

## GOVERNMENT AUDITOR

Article 162 nonies of the Law of 21 March 1991 states: "SNCB-Holding shall be subject to the controlling power of the Minister whose portfolio includes the railways. This control is exercised at the request of a Government Commissioner, who may be appointed and revoked by the King at the proposal

of the Minister concerned." The Commissioner is invited to all the meetings of the Board of Directors, the Executive Committee, and the Strategic Committee, and attends in an advisory capacity. In addition, he attends meetings of the Audit Committee in an advisory capacity.



## BOARD OF AUDITORS

Article 25 §1 of the Law of 21 March 1991 states: "Auditing of the financial situation, annual accounts, and compliance with the Law and the organic statute of the operations to be shown in the annual accounts shall be entrusted, in each independent public enterprise, to a Board of Auditors."

The Board is made up of four members, two of whom are appointed by the Audit Authority from its own members, and the other two by the General Meeting

from members of the Institut des Réviseurs d'Entreprises [Institute of Company Auditors].

The SNCB-Holding General Meeting held on 31 May 2011 appointed PKF Bedrijfsrevisoren ScCRL and Mazars Réviseurs d'entreprises ScCRL for a period of three years, renewable once for three years. Mazars is represented by Mr Philippe Gossart and PKF by Ms Ria Verheyen.



## REMUNERATION REPORT

### Remuneration of members of the Board of Directors

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

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

The calculation of directors' remuneration did not change in 2011.

The gross remuneration of the Chairman is made up of a fixed annual part which amounts to €39,200, and a variable part consisting of attendance tokens for meetings. These tokens are:

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

In addition, he receives annual compensation for overhead expenses of €2,400 and is provided with a company car.

The gross payment to the other Directors is made up of a fixed annual part which amounts to €13,600 and a variable part consisting of attendance tokens for meetings. These tokens are:

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

In addition, they receive annual compensation for overhead expenses of €1,200.

Attendance at meetings is a necessary requirement for obtaining attendance tokens.

Directors do not receive any remuneration based on results such as long-term incentive plans or bonuses, or any benefits in kind, or benefits connected with pension plans.

Changes to the remuneration of non-executive members of the Board of Directors are not envisaged.

Name	Attendance at SNCB-Holding Board and Committee meetings				Directors' gross remuneration (excluding compensation for overhead expenses)	
	Board (total 15)	Audit Committee (total 13)	Appts. and Rem. C. (total 11)	Strategic Committee (total 8)	SNCB-Holding Board and Committees (€)	Mandates in other Group companies (€)
J-C. FONTINOY	15	13	11	8	58.300,04	14.700 (1)
E. BRUYNINCKX	12	11	-	7	25.999,96	-
P. MATTHYS	15	-	-	8	26.299,96	8.550 (4)
L. JORIS	15	-	11	8	30.299,96	600 (2)
C. GERNAY	14	13	-	7	27.799,96	400 (2)
L. SCHUERMANS	15	13	-	8	21.500,04	19.700 (3)
M. VERDONCK	14	-	-	7	22.999,96	-
M. VERGEYLE	13	-	10	7	26.099,96	-
M. WATHELET	15	10	-	8	27.099,96	13.458,37 (5)

(1) Director of SNCB and Chairman of Eurogare

(2) Director of Eurogare

(3) Director of SNCB and Eurogare

(4) Director of SNCB Logistics

(5) Director of Eurogare and Chairman of SNCB Logistics



## Remuneration of members of the Executive Committee

The procedure followed for fixing the remuneration of members of the Executive Committee complies with article 161 ter, §4, sub-para 2 of the Law of 21 March 1991 on the reform of certain economic public enterprises:

“The Board of Directors shall determine, on the proposal of the Appointments and Remuneration Committee, the remuneration and benefits granted to members of the Executive Committee and senior managers. It shall monitor these matters continuously.”

On the proposal of the Appointments and Remuneration Committee, the Board approved, on 28 January and 4 February 2005, the administrative and monetary situation of the executive officers and CEO of SNCB-Holding.

## Remuneration of the CEO

The system of remuneration consists of:

1. a fixed part, namely:

- the basic salary;
- the management allocation granted monthly;
- payment for the office: monthly fixed sum;
- allocation for the office: 0 to 100% of the basic annual salary. The percentage granted is determined at the start of the mandate by the Appointments and Remuneration Committee, taking into account the degree of difficulty and social complexity of the office held.

2. management bonus: variable according to an assessment coefficient of 0 to 3. An annual assessment is carried out by the Appointments and Remuneration Committee. The Appointments and Remuneration Committee meeting held on 29 April 2011 defined 13 criteria for fixing the CEO's management bonuses. Six of these criteria are assessed at SNCB Group level, namely

stabilisation of debt, growth in passenger traffic, general customer satisfaction, hiring of personnel, accidents at work and punctuality of trains. Seven criteria are assessed depending on SNCB-Holding's results, namely customer satisfaction with regard to facilities, service and cleanliness of stations, safety in stations and trains, operating cash flow, changes in net indebtedness, performance of the investment budget, length of the external recruitment process and specific targets assigned to the CEO.

There is a double balancing between, on the one hand, the Group criteria (40%) and the SNCB-Holding criteria (60%) and, on the other hand, between the financial criteria (30%) and the qualitative criteria (70%).

The remuneration does not include any provisions relating to the company's right to reclaim any variable remuneration granted on the basis of incorrect financial information.

The holiday allowance, annual bonus and any other entitlements and expenses are determined in accordance with the applicable regulations. The CEO receives no remuneration or attendance tokens as a member of the Board of Directors and Committees. He receives no remuneration for his mandates in the subsidiaries. He does not benefit from group insurance.

The CEO receives no remuneration in the form of shares, share options or other rights to acquire shares.

The total gross remuneration, including benefits in kind (company car), paid in 2011 to the CEO, amounts to €496,963.07. The management bonus for 2010 is included in this amount. The bonus for services for 2011 will only be determined in 2012, and is therefore not included in this amount.

The management bonus (included in the above amount) paid in 2011 amounts to €97,338.25.

### Severance compensation

If the employment contract is terminated for reasons other than emergency reasons, Mr Haek is entitled to compensation corresponding to his total remuneration and compensation for 18 months.

## Remuneration of Chief Officers

The system of remuneration consists of:

1. a fixed part, namely:
  - the basic salary;
  - the management allocation granted monthly;
  - payment for the office: monthly fixed sum.
  - allocation for the office: 0 to 100% of the basic annual salary. The percentage granted is determined at the start of the mandate by the Appointments and Remuneration Committee at the proposal of the CEO, taking into account the degree of difficulty and social complexity of the office held.
2. management bonus: variable according to an assessment coefficient of 0 to 3. An annual assessment is carried out by the CEO and submitted to the Appointments and Remuneration Committee. The assessment is based on 50% for joint criteria related to the stabilisation of debt, growth in passenger traffic, general customer satisfaction, staff commitment, accidents at work, train punctuality, customer satisfaction regarding the facilities, service and cleanliness of stations, safety in stations and trains, the length of the external recruitment process, the operating cash flow, changes in net indebtedness, performance of the investment budget and, as to the other 50%, on the achievement of individual targets fixed in advance.

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

The variable part represents, on average, approximately 20% of the remuneration.

The holiday allowance, annual bonus and any other entitlements and expenses are determined in accordance with the applicable regulations. Contracted personnel benefit from group insurance and hospitalisation insurance.

The gross total, including benefits in kind (company car), paid in 2011 to members of the Executive Committee other than the CEO, amounts to €1,351,429.13. Bonuses for 2010 are included in this amount. Bonuses for services for 2011 will only be determined in 2012, and are therefore not included in this amount.

The management bonus (included in the above amount) paid in 2011 amounts in total to €262,721.12.

Insurance: for non-statutory Executive Officers, €71,151.11 of bonuses were paid in 2011 for group-insurance and healthcare and accidents at work insurance.

Members of the Executive Committee receive no remuneration in the form of shares, share options or other rights to acquire shares.

Mr Migom and Mr Van Den Berghen, who retired in 2011, are not entitled to any severance compensation.

## Severance arrangements for members of the Executive Committee

If his employment contract is terminated, Mr Alle is entitled to an amount equal to:

- 17 months' remuneration if the contract is terminated during the first year of the mandate;
- 14 months' remuneration if the contract is terminated during the second year of the mandate;
- 11 months' remuneration if the contract is terminated during the third year of the mandate;
- 8 months' remuneration if the contract is terminated during the fourth or subsequent years of the mandate.

For the three other members of the Executive Committee, Mr Audenaert, Mr Bourlard and Mr Bovy, if the mandate of executive officer is terminated for other than serious grounds, they will continue to be occupied in the grade of chief officer until the expiration set out in their mandate, with continuation of salary.

In view of the SNCB Group restructuring announced by the Minister responsible and the initiative he intends to take with regard to the remunerations of senior executives of public companies, SNCB-Holding does not envisage making any changes for the time being to the remuneration of members of the Executive Committee.

## Mandates in subsidiaries and participation companies

The Board Meeting held on 25 February 2005 resolved that the positions of director held in subsidiaries by members of SNCB Group personnel would not be remunerated.



## INTERNAL AUDIT AND CONTROLLING RISK

The aim of Internal Audit is to help the Management Bodies and the Management to achieve their objectives by virtue of better risk control.

To do this, it performs three groups of complementary activities:

- the internal audit itself: provision of and advice on the assessment of risk management, control and corporate governance processes;
- centralised control of tenders/contracts: verification of their conformity with regard to legal provisions, delegation and sub-delegation of powers, the needs of the business and the resolutions of its Management Bodies;
- administrative inquiries in (suspected) cases of fraud, theft or other events capable of damaging the company's financial, commercial or moral interests.

Internal Audit (H-AI) performs the above activities for the four SNCB Group Companies (SNCB-Holding, SNCB, SNCB Logistics and Infrabel) and their respective subsidiaries, in respect of their management autonomy and the objectives fixed by their Management Bodies. However, the "essential functions" of the infrastructure manager and its security management system are excluded from its sphere of operation.

Internal audits are carried out according to an annual programme approved by the Audit Committees. Audits carried out under the 2011 programme relating to SNCB-Holding entail in particular:

- real-time information to national passengers in situations of disruption;
- "fire" prevention and detection in SNCB Group facilities;
- obligations and responsibilities of the hierarchical line in the observance of legislation relating to the well-being of workers in the performance of their work;
- reclassification of personnel declared unsuitable for their normal jobs;
- management of investments in stations and car parks within the SNCB Group;
- management and current maintenance of SNCB-Holding stations and car parks;
- self-inspection of the food chain in company restaurants;
- management of IT security;
- administrative organisation and internal control in the "Treasury" department;
- observance of the provisions of the SNCB Group financial policy.



In 2011 Internal Audit also undertook an update of the SNCB-Holding financial and operational risks charts. These charts will allow Internal Audit to better target its activities, and Management to better assess the relevance of its internal inspections and, if necessary, to adapt any of them.

In accordance with the decisions of the Board of Directors, Internal Audit carried out a compliance inspection (on the needs, legal provisions, delegation and subdelegation of powers, the resolutions of its Management Bodies, etc.) of tender/contract dossiers. This inspection, prior to the decision, takes place at different phases of the procedure (award, allocation, extension, additional expenses) for all instances of expenditure in excess of:

- 750,000 EUR for works contracts
- 250,000 EUR for supplies and services contracts
- 75,000 EUR for works contracts, 25,000 EUR for supplies and services contracts and 25% of the initial amount, in the case of additional expenses.

For each file examined, an inspection report is produced which is sent to the decision-making

authority and in which Internal Audit records its findings and any recommendations. For dossiers which are not subject to inspection prior to a resolution and are therefore for amounts less than those mentioned above, Internal Audit carries out inspections based on random sampling. In 2011, it examined 239 SNCB-Holding files out of a total of 812 for the SNCB Group as a whole.

With a view to providing the most exhaustive information possible on tenders/contracts, Internal Audit provides a section on its website entitled "Legislation, regulations and documentation for tenders/contracts" which has been accessible since early 2010 to employees of SNCB Group companies. It also actively participates in training courses on legislation relating to public tenders, given to the SNCB Group concerned, which are included in the Train@Rail courses.

In order to develop its fraud prevention activities, Internal Audit compiled a set of charts in 2011 showing the risks of fraud within SNCB-Holding.



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