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IDW  
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Heidelberg, 19.10.2016  
My reference: 00045-11

EFSF Accounts

Dear Sir or Madam,

We appreciate the IDW's thorough and factual articles. "In its opinions and articles, the IDW conveys the expertise and professional knowledge of auditors to national and international institutions." (quotation from your website).

This is why we are turning to you regarding this matter.

The auditing firm Möhrle Happ Luther recently withdrew its certification for KTG Argrar, which is now insolvent. The reason: The company has €80 million in unrecoverable debt on its balance sheet.

The balance sheet of the EFSF (European Financial Stability Facility) for 2015 reflects claims for loans to Greece of €134.8 billion (see p. 31 of the Financial Report) with the following ratings:

<b>Moody's</b>	<b>Caa3</b>	<b>In default with little prospect for recovery</b>
<b>Standard &amp; Poors</b>	<b>CCC+</b>	<b>Substantial risks</b>
<b>Fitch</b>	<b>CCC</b>	<b>Substantial risks</b>

There was no depreciation/adjustment. The loans were itemized in the full nominal amount. The responsible auditing firm is PricewaterhouseCoopers.

In realistic terms, it is obvious that Greece will never be able to repay these loans.

| Simon G. Jakob  
Rechtsanwalt  
auch Fachanwalt für Steuerrecht

| Dr. Michael Humphrey  
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ohne gemeinsame Haftung

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The original terms had to be adjusted in view of Greece's payment difficulties; see Eurogroup resolution of 13/12/2012:

- Discontinuance of the so-called guarantee fee  
Savings for Greece / loss for the EFSF: €2.7 billion
- Deferral of interest payments for 10 years!  
This means Greece pays no interest for 10 years.
- Postponement of the final  
maturity date by 15 years!

Apparently, there were other subsequent adjustments. While the 2013 financial report mentions 2050 as the repayment date (see p.6 of the report), the date given in the 2015 financial report is 2054 (also on p.6).

Greece's total explicit debt burden is €319 billion which is 182% of its GDP. Greece still needs help, and a third aid package of €85 billion was established in August 2015. The IMF has now said publically what officials in the Eurozone would (still) rather keep quiet. Its mission concluding statement of 23 September 2016 for Greece states that "further debt relief will be required ... well beyond what is currently under consideration".

In light of the above, the following question arises:

Shouldn't PricewaterhouseCoopers withdraw its certification?

Is the nominal valuation approach of PricewaterhouseCoopers still sustainable? We think this is an intriguing question with important political implications. We would appreciate it if the IDW would contribute its special expertise to this question in the established manner, by providing an expert opinion.

For caution's sake, I would like to clarify that this is not a request for a paid service. I assume that there is a special public interest involved here and that the IDW should therefore take action.

We are attaching the EFSF's Annual Report for 2015, an EFSF report on the decisions of the Eurogroup of 13 December 2012, the IMF's Greek mission concluding statement of 23 September 2016, and an expert opinion issued by you on the valuation of Greek government bonds. In addition, we have taken the liberty of our incomplete, sketchy considerations on the aforementioned question on valuation.

Yours faithfully,

[*signature*]

Dr. Michael Humphrey  
Attorney-at-law

**Anlagen**

Financial report 2015

EFSF report on the decisions of the Eurogroup of 13 December 2012

IMF mission concluding statement of 23 September 2016

Brief IDW opinion of the impact of the Eurozone summit meeting of 21 June 2011