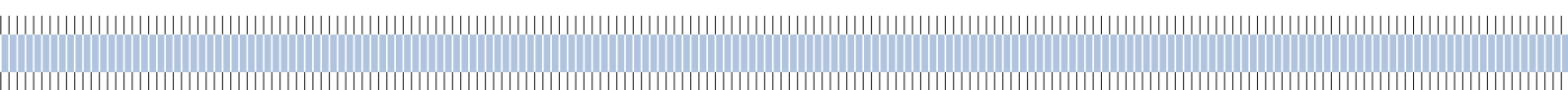


The Deutsche Bundesbank is an integral part of the European System of Central Banks (ESCB) and brings its experience and resources to bear within that forum. It is guided in this by the values, strategic intents and organisational principles enshrined in the Eurosystem Mission Statement.

In addition, the Bundesbank is the independent monetary institution of the Federal Republic of Germany and, as the “banks’ bank”, plays a key role at one of the largest international financial centres.



I Price stability in the euro area

The Bundesbank's primary objective is to maintain price stability.

The President of the Deutsche Bundesbank is a member of the Governing Council of the European Central Bank (ECB) and takes part in the monetary policy decision-making of the Eurosystem. The Bundesbank also contributes to monetary policy with in-depth academic analyses of macroeconomic developments and sound research results. Another of the Bundesbank's functions is to advise the Federal Government.

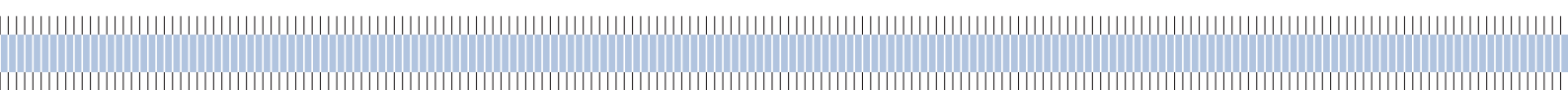
Furthermore, the Bundesbank ensures that the monetary policy measures agreed are implemented in what is the largest economy in the European Union. It explains the single monetary policy of the Eurosystem to the German public and thereby promotes awareness of the need for price stability.

I Stable national and international financial and monetary system

Owing to its close relationship with monetary stability, a stable national and international financial and monetary system is an essential requirement for the fulfilment of the stability mandate.

As one of the governors of the International Monetary Fund (IMF), the President of the Bundesbank represents the foreign-exchange policy interests of the Federal Republic of Germany. The Bundesbank's membership of the Bank for International Settlements (BIS) helps to foster international monetary and financial cooperation. In addition, the Bundesbank cooperates internationally with the major industrial countries (G7 and G10) and participates in the dialogue with the emerging market economies (G20) and the Organisation for Economic Co-operation and Development (OECD).

As a result of its work in the Financial Stability Forum (FSF), the Committee on the Global Financial System of the G10 central banks (CGFS) and the Financial Stability Table of the Economic and Financial Committee (EFC), the Bundesbank makes an important contribution to safeguarding the stability of the financial system.



I Functioning of German credit and financial services institutions

The Bundesbank is integrally involved in banking supervision in Germany, thereby contributing to the stability of the financial system and the functional viability of the credit and financial services institutions in Germany.

It is responsible for the ongoing supervision of the institutions and the auditing of banking operations and assists in drafting prudential legislation in order to ensure a stability-oriented regulatory framework.

I Security and efficiency of payment and settlement systems

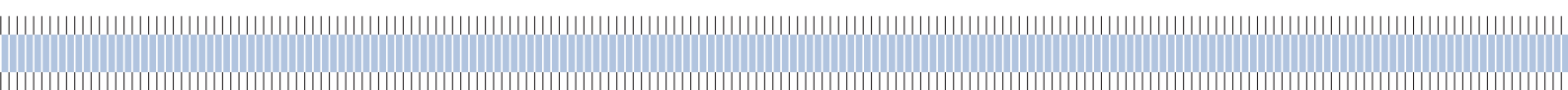
The large-value payment system TARGET forms the backbone of the European financial infrastructure by providing its payment and settlement system. The Bundesbank is working jointly with two other Eurosystem central banks, the Banque de France and the Banca d'Italia, on the development and operation of the new common platform TARGET2.

It supports the development of new procedures and instruments, the provision of services, the oversight of payment systems and the realisation of the single European payments area, SEPA.

I Efficient cash supply and infrastructure, ensuring that the cash in circulation is of a high quality and protected against counterfeits

The Bundesbank plays a major role in guaranteeing an efficient cash supply including contingency plans, safeguarding the quality of cash in circulation, and preventing and combating the circulation of counterfeit money.

It fulfils its responsibilities in this respect by working in partnership with the banking industry, retailers and cash-in-transit companies. It is actively involved in the European framework for banknote re-issuance, which also enables cash to be processed by the private sector.



Stability requires competence ...

... in the form of well-trained staff

Competent staff are the basis of the Bundesbank's successful fulfilment of its tasks. It attaches great importance to technical and professional qualifications and to the continuous development of personal skills.

... in the form of quality, effectiveness and cost efficiency

The Bundesbank sets great store by the quality, effectiveness and cost efficiency of its activities. This is achieved on the basis of research and sound scientific analyses.

... in the form of national and international cooperation

In order to exploit synergies the Bundesbank works closely with its partner Eurosystem central banks as well as other national and international institutions.

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