



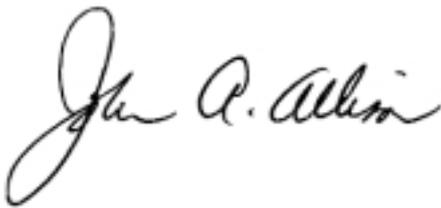
THE **BB&T** PHILOSOPHY

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In a rapidly changing and unpredictable world, individuals and organizations need a clear set of fundamental principles to guide their actions. At BB&T we know the content of our business will, and should, experience constant change. Change is necessary for progress. However, the context, our fundamental principles, is unchanging because these principles are based on basic truths.

BB&T is a mission-driven organization with a clearly defined set of values. We encourage our employees to have a strong sense of purpose, a high level of self-esteem and the capacity to think clearly and logically.

We believe that competitive advantage is largely in the minds of our employees as represented by their capacity to turn rational ideas into action towards the accomplishment of our mission.



John A. Allison
Chairman and Chief Executive Officer
BB&T Corporation

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BB&T Vision, Mission and Purpose

BB & T VISION

TO CREATE THE BEST FINANCIAL INSTITUTION POSSIBLE

“The Best of The Best”

BB & T MISSION

TO MAKE THE WORLD A BETTER PLACE TO LIVE BY:

- Helping our **CLIENTS** achieve economic success and financial security;
- Creating a place where our **EMPLOYEES** can learn, grow and be fulfilled in their work;
- Making the **COMMUNITIES** in which we work better places to be; and thereby:
- Optimizing the long-term return to our **SHAREHOLDERS**, while providing a safe and sound investment.

OUR ULTIMATE PURPOSE IS TO CREATE SUPERIOR LONG-TERM ECONOMIC REWARDS FOR OUR SHAREHOLDERS.

This purpose is defined by the free market and is as it should be. Our shareholders provide the capital that is necessary to make our business possible. They take the risk if the business is unsuccessful. They have the right to receive economic rewards for the risk which they have undertaken.

However, our purpose, to create superior long-term economic rewards for our shareholders, can only be accomplished by providing excellent service to our clients, as our **CLIENTS** are our source of revenues.

To have excellent client relations, we must have outstanding **EMPLOYEES** to serve our clients. To attract and retain outstanding employees, we must reward them financially and create an environment where they can learn and grow.

Our economic results are significantly impacted by the success of our **COMMUNITIES**. The community's "quality of life" impacts its ability to attract industry for growth.

Therefore, we manage our business in a long-term context, as an integrated whole, with the ultimate objective of rewarding the **SHAREHOLDERS** for their investment, while realizing that the cause of this result is quality client service. Excellent service will be delivered by motivated employees working as an integrated team. These results will be impacted by our capacity to contribute to the growth and well-being of the communities we serve.



BB&T Values

VALUES

Excellence is an art won by training and habituation. We are what we repeatedly do. Excellence then is not an act, but a habit. — Aristotle

The great Greek philosophers saw values as guides to excellence in thinking and action. In this context, values are standards which we strive to achieve. Values are *practical habits* that enable us as individuals to live, be successful and achieve happiness. For BB&T, our values enable us to achieve our mission and corporate purpose.

To be useful, values must be consciously held and be consistent (non-contradictory). Many people have conflicting values which prevent them from acting with clarity and self-confidence.

There are 10 primary values at BB&T. These values are consistent with one another and are integrated. To fully act on one of these values, you must also act consistently with the other values. Our focus on values grows from our belief that ideas matter and that an individual's character is of critical significance.

Values are important at BB&T!

1 . REALITY (FACT-BASED)

What is, is. If we want to be better, we must act within the context of reality (the facts). Businesses and individuals often make serious mistakes by making decisions based on what they “wish was so,” or based on theories which are disconnected from reality. The foundation for quality decision making is a careful understanding of the facts.

There is a fundamental difference between the laws of nature (reality), which are immutable, and the man made. The law of gravity is the law of gravity. The existence of the law of gravity does not mean man can not create an airplane. However, an airplane must be created within the context of the law of gravity. At BB&T, we believe in being “reality grounded.”

Mankind has a specific means of survival, which is his ability to think, i.e., his capacity to reason logically from the facts of reality as presented to his five senses. A lion has claws to hunt. A deer has swiftness to avoid the hunter. Man has his ability to think. There is only one “natural resource” — the human mind.

Clear thinking is not automatic. It requires intellectual discipline and begins with sound premises based on observed facts. You must be able to draw general conclusions in a rational manner from specific examples (induction) and be able to apply general principles to the solution of specific problems (deduction). You must be able to think in an integrated way, thereby avoiding logical contradictions.

We cannot all be geniuses, but each of us can develop the mental habits which ensure that when making decisions we carefully examine the facts and think logically without contradiction in deriving a conclusion. We must learn to think in terms of what is essential, i.e., about what is important. Our goal is to objectively make the best decision to accomplish our purpose.

Rational thinking is a learned skill which requires mental focus and a fundamental commitment to consistently improving the clarity of our mental processes. At BB&T, we are looking for people who are committed to constantly improving their ability to reason.

3 . I N D E P E N D E N T T H I N K I N G

All employees are challenged to use their individual minds to their optimum to make rational decisions. In this context, each of us is *responsible* for what we do and who we are. In addition, *creativity* is strongly encouraged and only possible with independent thought.

We learn a great deal from each other. Teamwork is important at BB&T (as will be discussed later). However, each of us thinks alone. Our minds are not physically connected. In this regard, each of us must be willing to make an independent judgment of the facts based on our capacity to think logically. Just because the “crowd” says it is so, does not make it so.

In this context, each of us is *responsible* for our own actions. Each of us is responsible for our personal success or failure, i.e., it is not the bank’s fault if someone does not achieve his objectives.

All human progress by definition is based on *creativity*, because creativity is the source of positive change. Creativity is only possible to an independent thinker. Creativity is not about just doing something different. It is about doing something **BETTER**. To be better, the new method/process must be judged by its impact on the whole organization, and as to whether it contributes to the accomplishment of our mission.

There is an infinite opportunity for each of us to do whatever we do better. A significant aspect of the self-fulfillment which work can provide comes from creative thought and action.

4 . P R O D U C T I V I T Y

We are committed to being producers of wealth and well-being by taking the actions necessary to accomplish our mission. The tangible evidence of our productivity is that we have rationally allocated capital through our lending and investment process, and that we have provided needed services to our clients in an efficient manner resulting in superior *profitability*.

Profitability is a measure of the differences in the economic value of the products/services we produce and the cost of producing these products/services. In a long-term context and in a free market, the bigger the profit, the better. This is true not only from our shareholders' perspective (which would be enough justification), but also in terms of the impact of our work on society as a whole. Healthy profits represent productive work. At BB&T we are looking for people who want to create, to produce, and who are thereby committed to *turning their thoughts into actions* that improve economic well-being.

Being honest is simply being consistent with reality. To be dishonest is to be in conflict with reality, which is therefore self-defeating. A primary reason that individuals fail is because they become disconnected from reality, pretending that facts are other than they are.

To be honest does not require that we know everything. Knowledge is always contextual and man is not omniscient. However, we must be responsible for saying what we mean and meaning what we say.

Because we have developed our principles logically, based on reality, we will always act consistently with our principles. Regardless of the short-term benefits, acting inconsistently with our principles is to our long-term detriment. We do not, therefore, believe in compromising our principles in any situation.

Principles provide carefully thought-out concepts which will lead to our long-term success and happiness. Violating our principles will always lead to failure. BB&T is an organization of the highest integrity.

Individuals should be evaluated and rewarded objectively (for better or worse) based on their contributions toward accomplishing our mission and adherence to our values. Those who contribute the most should receive the most.

The single most significant way in which employees evaluate their managers is in determining whether the manager is just. Employees become extremely unhappy (and rightly so) when they perceive that a person who is not contributing is over-rewarded or a strong contributor is under-rewarded.

If we do not reward those who contribute the most, they will leave and our organization will be less successful. Even more important, if there is no reward for superior performance, the average person will not be motivated to maximize his productivity.

We must evaluate whether the food we eat is healthy, the clothes we wear attractive, the car we drive functional, etc., and we must also evaluate whether relationships with other people are good for us or not.

In evaluating other people, it is critical that we judge based on essentials. At BB&T we do not discriminate based on nonessentials such as race, sex, nationality, etc. We do discriminate based on competency, performance and character. We consciously reject egalitarianism and collectivism. Individuals must be judged individually based on their personal merits, not their membership in any group.

Pride is the psychological reward we earn from living by our values, i.e., from being just, honest, having integrity, being an independent thinker, being productive and rational.

Aristotle believed that “earned” pride (not arrogance) was the highest of virtues, because it presupposed all the others. Striving for earned pride simply reinforces the importance of having high moral values.

Each of us must perform our work in a manner as to be able to be justly proud of what we have accomplished. BB&T must be the kind of organization with which each employee and client can be proud to be associated.

9. SELF-ESTEEM (SELF-MOTIVATION)

We expect our employees to earn positive self-esteem from doing their work well. We expect and want our employees to act in their rational, long-term self-interest. We want employees who have strong personal goals and who expect to be able to accomplish their goals within the context of our mission.

A necessary attribute for self-esteem is self-motivation. We have a strong work ethic. We believe that you receive from your work in proportion to how much you contribute. If you do not want to work hard, work somewhere else.

While there are many trade-offs in the content of life, you need to be clear that BB&T is the best place, all things considered, for you to work to accomplish your long-term goals. When you know this, you can be more productive and happy.

While independent thought and strong personal goals are critically important, our work is accomplished within teams. Each of us must consistently act to achieve the agreed-upon objectives of the team, with respect for our fellow employees, while acting in a mutually supportive manner.

Our work at BB&T is so complex that it requires an integrated effort among many people to accomplish important tasks. While we are looking for self-motivated and independent thinking individuals, these individuals must recognize that almost nothing at BB&T can be accomplished without the help of their team members. One of the responsibilities of leadership in our organization is to ensure that each individual is rewarded based on their contribution to the success of the total team. We need outstanding individuals working together to create an outstanding team.

Our values are held consciously and are logically consistent. To fully execute on any one value, you must act consistently with all 10 values. At BB&T values are practical and important!

Often people believe that making logical decisions means that we should be unemotional and that emotions are thereby unimportant. In fact, emotions are important. However, the real issue is how rational are our emotions. Emotions are mental habits which are often developed as children. Emotions give us automatic responses to people and events; these responses can either be very useful or destructive indicators. Emotions as such are not means of decision or of knowledge; the issue is: How were your emotions formed? The real question is: Are we happy when we should be happy, and unhappy when we should be unhappy, or are we unhappy when we should be happy?

Emotions are learned behaviors. The goal is to “train up” our emotions so that our emotions objectively reinforce the best decisions and behaviors toward our long-term success and happiness. Just because someone is unemotional does not mean that they are logical.



Concepts That Describe BB&T

1. CLIENT-DRIVEN

“WORLD CLASS” CLIENT SERVICE ORGANIZATION

- Our clients are our **PARTNERS**.
- Our goal is to create **WIN/WIN RELATIONSHIPS**.
- “You can tell we want your business.”
- “It is easy to do business with BB&T.”
- “Respect the individual, value the relationship.”

We will absolutely never, ever, take advantage of anyone, nor do we want to do business with those who would take advantage of us. Our clients are long-term partners and should be treated accordingly. One of the attributes of partnerships is that both partners must keep their agreements. We keep our agreements. When our partners fail to keep their agreements, they are terminating the partnership.

There are an infinite number of opportunities where we can get better together, where we can help our clients achieve their financial goals and where our client will enable us to make a profit in doing so.

2. QUALITY ORIENTED

- Quality must be built into the process.

In every aspect of our business we want to execute and deliver quality. It is easier and less expensive to do things correctly than to fix what has been done incorrectly.

3. EFFICIENT

- “Waste not, want not.”
- Design efficiency into the system.

4. GROWING BOTH OUR BUSINESS AND OUR PEOPLE

- Grow or die.
- Life requires constant, focused thought and actions towards one’s goals.

5. CONTINUOUS IMPROVEMENT

- Everything can be done better.
- Fundamental commitment to **INNOVATION**.

Every employee should constantly use their reasoning ability to do whatever they do better everyday. All managers of systems/processes should constantly search for better methods to solve problems and serve the client.

6. OBJECTIVE DECISION MAKING

- Fact-Based and Rational

- Participative
- Team Oriented
- Fact-Based
- Rational
- Objective

Our management process, by intention, is designed to be participative and team oriented. We work hard to create consensus. When people are involved in the decision process, better information is available to make decisions. The participant's understanding of the decision is greater and, therefore, execution is better.

However, there is a risk in participative decision making: the decision process can become a popularity contest. Therefore, our decision process is disciplined. Our decisions will be made based on the facts using reason. The best objective decision will be the one which is enacted.

Therefore, it does not matter who you know, who your friends are, etc.; it matters whether you can offer the best objective solution to accomplishing the goal or solving the problem at hand.

- Hire excellent people
- Train them well
- Give them an appropriate level of authority and responsibility
- Expect a high level of achievement
- Reward their performance

Our concept is to operate a highly autonomous, entrepreneurial organization. In order to execute this concept, we must have extremely competent individuals who are “masters” of BB&T’s philosophy and who are “masters” in their field of technical expertise.

By having individuals who are “masters” in their field, we can afford to have less costly control systems and be more responsive in meeting the needs of our clients.

ATTRIBUTES OF AN OUTSTANDING
BB&T EMPLOYEE

- Purpose
- Rationality
- Self-Esteem

Consistent with our values, successful individuals at BB&T have a sense of purpose for their lives, i.e., they believe that their lives matter and that they can accomplish something meaningful through their work. We are looking for people who are rational and have a high level of personal self-esteem. People with a strong personal self-esteem get along better with others, because they are at peace with themselves.

Since we build on the facts of reality and our ability to reason, we are capable of achieving both success and happiness.

We do not believe that “realism” means pessimism. On the contrary, precisely because our goals are based on and consistent with reality, we fully expect to accomplish them.

We will do our best to:

- **COMPENSATE** employees fairly in relation to internal equity and market-comparable pay practices — performance-based compensation.
- Provide a comprehensive and market-competitive **BENEFIT** program.
- Create a place where employees can **LEARN** and **GROW** — to become more productive workers and better people.
- **TRAIN** employees so they are competent to do the work asked of them. (Never ask anyone to do anything they are not trained to do.)
- **EVALUATE** and **RECOGNIZE** performance objectively, fairly and consistently based on the individual's contribution to the accomplishment of our mission and adherence to our values.
- Treat each employee as an **INDIVIDUAL** with dignity and respect.

VIRTUES OF AN OUTSTANDING
CREDIT CULTURE

Just as individuals need a set of values (virtues) to guide their actions, systems should be designed to have a set of attributes which optimize their performance towards our goals. In this regard, our credit culture has seven fundamental virtues:

1. Provides fundamental insight to help clients achieve their economic goals and solve their financial problems: We are in the high-quality financial advice business.

2. Responsive: The client deserves an answer as quickly as possible, even when the answer is no.

3. Flexible (Creative): We are committed to finding better ways to meet the client's financial needs.

4. Reliable: Our clients are selected as long-term partners and treated accordingly. BB&T must continue to earn the right to be known as the most reliable bank.

5. Manages risk within agreed-upon limits: Clients do not want to fail financially, and the bank does not want a bad loan.

6. Ensures an appropriate economic return to the bank for risk taken: The higher the risk, the higher the return. The lower the risk, the lower the return. This is an expression of justice.

7. Creates a "premium" for service delivery: The concept is to provide superior value to the client through outstanding service quality. A rational client will fairly compensate us when we provide sound financial advice, are responsive, creative and reliable, because these attributes are of economic value to the client.



Strategic Objectives

CREATE A HIGH PERFORMANCE FINANCIAL INSTITUTION THAT CAN SURVIVE AND PROSPER IN A RAPIDLY CHANGING, HIGHLY COMPETITIVE, GLOBALLY INTEGRATED ENVIRONMENT.

ACHIEVING OUR GOAL

The key to maximizing our probability of being both independent and prosperous over the long term is to create a **SUPERIOR EARNINGS PER SHARE (EPS) GROWTH RATE** without sacrificing the fundamental quality and long-term competitiveness of our business and without taking unreasonable **RISK**.

While being fundamentally efficient is critical, the “easy” way to rapid EPS growth is to artificially cut cost. However, not investing for the future is long-term suicide, as it destroys our capability to compete.

The intelligent process to achieve superior EPS growth is to grow revenues by providing (and selling) superior quality service while systematically enhancing our margins, improving our efficiency, expanding our profitable product offerings and creating more effective distribution channels.

THE “WORLD STANDARD” REVENUE DRIVEN
SALES ORGANIZATION

At BB&T, selling is about identifying our clients' legitimate financial needs and finding a way to help the client achieve economic goals by providing the right products and services.

Effective selling requires a disciplined approach in which the BB&T employee asks the client about financial goals and problems and has a complete understanding of how our products can help the client achieve objectives and solve financial problems.

It also requires exceptional execution by support staffs and product managers, since service and sales are fundamentally connected and creativity is required in product design and development.

“ WORLD STANDARD ” CLIENT SERVICE
COMMUNITY BANKS

BB&T operates as a series of “Community Banks.” The “Community Bank” concept is the foundation for local decision making and the basis for responsive, reliable and empathetic client service.

By putting decision making closer to the client, all local factors can be considered and we can ensure that the client is being treated as an individual.

To operate in this decentralized decision making fashion, we must have highly trained employees who understand BB&T’s philosophy and are “masters” of their areas of responsibility.

Competitive advantage is in the minds of our employees. We are committed to making substantial investments in employee education to create a “knowledge-based learning organization” founded on the premise that knowledge (understanding), properly applied, is the source of superior performance.

We believe in systematized learning founded on Aristotle’s concept that “excellence is an art won by training and habituation.” We attempt to train our employees with the best knowledge/methods in their fields and to habituate those behaviors through consistent management reinforcement. The goal is for each employee to be a “master” of his or her role, whether it be a computer operator, teller, lender, financial consultant or any other job responsibility.

OUR PASSIONS

TO CREATE THE BEST FINANCIAL INSTITUTION POSSIBLE.

TO CONSISTENTLY PROVIDE THE CLIENT WITH BETTER VALUE THROUGH RATIONAL INNOVATION AND PRODUCTIVITY IMPROVEMENT.

At BB&T we have two powerful passions. Our fundamental passion is our Vision: To Create The Best Financial Institution Possible — The “World Standard” — The “Best of the Best.” We believe that the best can be objectively evaluated by rational performance standards in relation to the accomplishment of our mission.

To be the best of the best, we must constantly find ways to deliver better value to our clients in a highly profitable manner. This requires us to keep our minds focused at all times on innovative ways to enhance our productivity.



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