



January 16, 2015

Dear Shareholder,

At their January 14, 2015 meeting the Board of Directors of Tri City Bankshares Corporation approved a quarterly dividend of \$0.12 per share payable February 5, 2015 to shareholders of record on January 26, 2015.

Shareholders will recall a significant dividend prepayment in December 2012 before tax rates increased. This dividend required approval from our Bank's primary regulator, the Office of the Comptroller of the Currency. A key factor in receiving regulatory approval was the Board's commitment to return to capital levels which existed before the dividend was paid. We are pleased to report 2013-2014 earnings have accomplished that commitment.

Your Corporation has a long history of maintaining capital ratios in excess of the levels required to be considered well capitalized. This philosophy is unchanged. However, new capital rules for banks which became effective January 1, 2015 have increased the capital required for this classification and added additional capital buffer requirements to be phased-in from now through 2019.

The Board of Directors is confident shareholders agree that maintaining a strong capital base for the Bank is a prime objective of Board oversight. The Board will review earnings, on-going regulatory requirements and other factors when approving dividends, just as they have done every quarter throughout our history.

Be assured the Board, management, officers and staff will continue their efforts to keep Tri City National Bank the same strong, profitable and independent community bank it has always been.

Very truly yours,

TRI CITY BANKSHARES CORPORATION

A handwritten signature in black ink, appearing to read "Ronald K. Puetz". The signature is fluid and cursive, written over a white background.

Ronald K. Puetz
Chairman and Chief Executive Officer

FORWARD-LOOKING STATEMENTS

This letter includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 which are statements that speak to the Corporation's plans, goals, beliefs or expectations for the future. Forward-looking statements are subject to significant risks and uncertainties and actual events may differ materially from those discussed therein. Factors that might cause this to happen include, but are not limited to, the risk factors set forth in Item 1A of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2009 and subsequent reports we have filed and any future reports we may file with the SEC. All forward-looking statements in this letter are based upon information available at the time the statement is made and the Corporation assumes no obligation to update any forward-looking statement