

Shareholder Letter



Tri City Bankshares Approves Deregistration From SEC

Recently passed legislation allows Tri City Bankshares, and other banking companies with fewer than 1,200 shareholders to deregister from Securities and Exchange Commission (“SEC”) reporting requirements. The change was hailed as a big win for community banks. Eliminating the reporting requirement will result in significant savings in professional fees paid for audit and legal services and reduce time spent by management and staff to prepare, review and file the SEC reports.

At their meeting July 11, 2012 the Board of Directors approved the filing of Form 15 with the SEC to voluntarily deregister Tri City Bankshares Corporation’s common shares under the Securities and Exchange Act of 1934. Form 15 was filed with the SEC in conjunction with this letter to shareholders and we expect that it will become effective 90 days after filing

The Company will continue to provide shareholders with financial information on a quarterly basis. You will also receive an Annual Report as in the past. Deregistration does not affect the oversight of the banking subsidiary provided by the Office of the Comptroller of the Currency as our primary regulator. As of this writing, the 2012 review is well underway with bank examiners on-site for six weeks, and scheduled for one more week to complete the exam.

We will also continue to provide quarterly financial reports to the Federal Reserve and the FDIC for their review. These reports are available to you at www.ffiec.gov just as they have been in the past. The bank continues to be subject to the audit requirements of the Federal Deposit Insurance Corporation Improvement Act (“FDICIA”) and our annual financial statements will continue to be audited by independent auditors.

Tri City Bankshares Corporation’s stock is currently quoted at the OTCQB market tier and traded on the OTCQB Marketplace operated by the OTC Markets Group. Form 15 filing and deregistration does not disqualify our shares from being quoted and traded as in the past. Our trading symbol also remains unchanged as TRCY.

Thank you for your support.

Very truly yours,

TRI CITY BANKSHARES CORPORATION

Ronald K. Puetz
Chairman and Chief Executive Officer