

FREQUENTLY ASKED QUESTIONS ABOUT OUR COMBINATION WITH SKYLINE NATIONAL BANK

Why are we doing this?

We recognize the unique opportunity of joining together to enhance our shared missions of providing outstanding banking services in the communities where we do business.

This combination creates a dynamic community banking franchise dedicated to serving northwest North Carolina and southwest Virginia. Working together we will offer enhanced products and services to an extended market area. As neighboring banks, our footprints fit together very nicely.

Together our product and service capabilities will be competitive with the very largest banks. Individuals and businesses in our area prefer to do business locally when they can, and we intend to be their local bank of choice.

We believe our customers and shareholders will significantly benefit from this transaction. The costs associated with new banking legislation, compliance, risk management and technology have put an enormous strain on small banks, and by joining forces we believe we are well positioned for improved operating results for years to come.

What is Parkway Acquisition Corp. and how are they related to Skyline National Bank?

Parkway Acquisition Corp. is a bank holding company headquartered in Floyd, Virginia, and is the parent company for Skyline National Bank. Skyline National Bank is a community bank, headquartered in Independence, VA. Skyline National Bank has 17 branches and one loan production office, and provides a highly competitive suite of personal and business banking products and services to customers in southwestern Virginia and northwestern North Carolina. Parkway had \$548 million in assets as of December 31, 2017.

How long will it take to combine with Skyline National Bank?

With regulatory and shareholder approval now finalized, we expect the merger to be closed on July 1, 2018. Great State Bank will then operate as a division of Skyline National Bank until we rebrand as Skyline National Bank and convert our systems, which is planned for the first half of September 2018.

Will my branch be affected?

The branches of the two banks do not overlap, and all offices of Great State Bank will remain open and will convert to offices of Skyline National Bank with the systems conversion in September.

Will I still see the same tellers and lenders?

Yes! The combination of these two community banks will keep you with the familiar faces you bank with today.

Will your hours of operation change?

The hours we are open today are the hours that we plan to remain open.

Will this change our products and services?

Not in the near term. However, some changes to account descriptions, features, and services may change when our bank combines systems with Skyline National Bank in September.

You will receive communications over the next few months that will keep you abreast of the transition process. The staff of both banks will continue to be available to answer questions, whether in the branch, online or over the phone.

If any changes take place as we combine with Skyline National Bank, we will communicate with you frequently and with plenty of advance notice! And if there are any changes needed – i.e., new debit cards – those new services will be provided to you at no charge.

Will my account number change? Will I need to order new checks?

These are great questions, but ones that we do not have answers for yet. If any changes occur as we combine with Skyline National Bank, we will communicate with you frequently and with plenty of advance notice.

Great State Bank and Skyline National Bank are working closely to create a smooth transition for you, and to keep you informed of any changes that may take place with your accounts.

Can I use my Great State Bank debit card at a Skyline National Bank ATM?

Yes you can. We are working now to eliminate any foreign transaction fees you might receive by using a Skyline National Bank ATM. This process may take a few weeks. In the meantime, if you do use a Skyline National Bank ATM and receive a fee on your transaction, just stop into your Great State Bank branch and we will be happy to reverse the charge! No need to keep the receipts! We'll do the work for you.

How does this affect my loans?

It does not. Your payments remain the same and the address you send them to is not changing at this time.

Can the bank loan more money now?

Once our combination with Skyline National Bank is complete, we will have expanded lending capacity to serve our markets.

Will loan decisions be made locally?

Yes. Both Great State Bank and Skyline National Bank believe in local bankers serving local customers. This philosophy and practice will carry over to our combined bank.

Can I make a Great State Bank payment at a Skyline National Bank branch, or vice versa?

We look forward to the day when that can happen, but it will not take place until both bank systems are merged, which will be in early September.

Is my money safe? What happens to my FDIC insurance?

Yes. Both Great State Bank and Skyline National Bank are FDIC insured.

When two FDIC-insured banks merge, deposits from each bank are separately insured for at least six months after the merger. This grace period gives a depositor the opportunity to

restructure his or her accounts, if necessary.

CDs from each bank are separately insured until the earliest maturity date after the end of six-month grace period. If you have questions about FDIC insurance regarding a CD that would mature during the six-month grace period, please speak with your local banker.

More information about FDIC Insurance can be found at this website, <https://www.fdic.gov/deposit/deposits/> . The FDIC also offers an online estimator (click here, <https://www.fdic.gov/edie/index.html>) to help consumers know how rules and limits apply to a depositor's specific group of accounts.

In addition, we are working to identify our customers who might be affected by our combination with Skyline National Bank. We will be proactively working with those who need assistance.

Will we still donate to local charities and be a part of our community?

Both Skyline National Bank and Great State Bank have traditions of support and commitment to the communities we serve. Nothing about that will change... not in the short term, and not in the long term.

Will you keep our bank local?

We are keeping the bank local. We are combining two, neighboring local banks into one larger, stronger organization. This combination will allow us to address rapidly increasing regulatory risk management and compliance costs in the banking industry. This will allow us to provide better returns to our shareholders and better serve our communities.

How will this merger affect my Great State stock?

Great State shareholders will receive 1.21 shares of Parkway Acquisition Corp. (PKKW) common stock for each share of Great State common stock. After the merger closes, you will receive a letter of instruction from the transfer agent for Parkway, ComputerShare, who also is acting as the Exchange Agent for purposes of this merger. This letter will detail the steps required to be taken by you to exchange your Great State Bank shares of stock into shares of Parkway common stock. If you are a certificated shareholder, you will be required to submit your Great State Bank stock certificates to the Exchange Agent. Please make sure you have your stock certificate(s) handy.

Forward-looking statements

This document contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934 as amended. These include statements as to the timing, completion and benefits of the merger, including future financial and operating results, cost savings, enhanced revenues and the accretion/dilution to reported earnings that may be realized from the merger as well as other statements of expectations regarding the merger and any other statements regarding future results or expectations. Parkway and Great State intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and are including this statement for purposes of these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe future plans, strategies, and expectations of Parkway and Great State, are generally identified by the use of words such as "believe," "expect," "intend," "anticipate," "estimate," "project" or similar expressions. The companies' respective ability to predict results, or the actual effect of future plans or strategies, is inherently

uncertain. Factors which could have a material adverse effect on the operations and future prospects of Parkway and Great State and their respective subsidiaries include, but are not limited to the ability to meet closing conditions to the merger; the ability to complete the merger as expected and within the expected time frame; disruptions to customer and employee relationships and business operations caused by the merger; the ability to implement integration plans associated with the transaction, which integration may be more difficult, time-consuming or costly than expected; the ability to achieve the cost savings and synergies contemplated by the merger within the expected time frame, or at all; changes in local and national economies, or market conditions; changes in interest rates; regulations and accounting principles; changes in policies or guidelines; loan demand and asset quality, including values of real estate and other collateral; deposit flow; the impact of competition from traditional or new sources; and the other factors detailed in Parkway's publicly filed documents, including its Annual Report on Form 10-K for the year ended December 31, 2017. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Parkway and Great State assume no obligation to revise, update, or clarify forward-looking statements to reflect events or conditions after the date of this report.