

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2021 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2021 or fiscal plan year beginning <u>01/01/2021</u> and ending <u>12/31/2021</u>	
A This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) _____
B This return/report is:	☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)
E If this is a retroactively adopted plan permitted by SECURE Act section 201, check here.	☐

Part II	Basic Plan Information—enter all requested information				
1a Name of plan <u>PARKWAY BANCORP, INC. 401(K) PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>002</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>12/31/1994</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>002</u>	1c Effective date of plan <u>12/31/1994</u>	
1b Three-digit plan number (PN) ▶	<u>002</u>				
1c Effective date of plan <u>12/31/1994</u>					
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>PARKWAY BANCORP, INC.</u> <u>4800 NORTH HARLEM AVENUE</u> <u>HARWOOD HEIGHTS, IL 60706</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>36-2694975</u></td> </tr> <tr> <td>2c Plan Sponsor's telephone number <u>708-869-2629</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>551111</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>36-2694975</u>	2c Plan Sponsor's telephone number <u>708-869-2629</u>	2d Business code (see instructions) <u>551111</u>	
2b Employer Identification Number (EIN) <u>36-2694975</u>					
2c Plan Sponsor's telephone number <u>708-869-2629</u>					
2d Business code (see instructions) <u>551111</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/13/2022	FRANK J. LIS
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2021)
v. 210624

3a Plan administrator's name and address ☒ Same as Plan Sponsor		3b Administrator's EIN	
		3c Administrator's telephone number	
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name		4b EIN 4d PN	
5 Total number of participants at the beginning of the plan year		5	437
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).			
a(1) Total number of active participants at the beginning of the plan year.....		6a(1)	310
a(2) Total number of active participants at the end of the plan year		6a(2)	307
b Retired or separated participants receiving benefits.....		6b	62
c Other retired or separated participants entitled to future benefits		6c	30
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d	399
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e	1
f Total. Add lines 6d and 6e		6f	400
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g	298
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested		6h	13
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....		7	
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2S 2T 3D 3H			
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:			
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)			
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ <u>0</u> A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)	

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2021 Form M-1 annual report. If the plan was not required to file the 2021 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2021
		This Form is Open to Public Inspection.
For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021		
A Name of plan PARKWAY BANCORP, INC. 401(K) PLAN	B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 PARKWAY BANCORP, INC.	D Employer Identification Number (EIN) 36-2694975	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No
- b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

RAYMOND JAMES & ASSOC., INC

59-1237041

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
26 27	ADVISOR	31019	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

NEWPORT GROUP, INC.

27-2037969

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 37 64 65	RECORDKEEPER	6608	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection
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For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021		
A Name of plan PARKWAY BANCORP, INC. 401(K) PLAN	B Three-digit plan number (PN) ►	002
C Plan sponsor's name as shown on line 2a of Form 5500 PARKWAY BANCORP, INC.	D Employer Identification Number (EIN) 36-2694975	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....	1a	9713	90496
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions.....	1b(2)		
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	1981591	1508265
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	420496	463123
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	15991774	18076297
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other.....	1c(15)	112706	29251

		(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:		
(1)	Employer securities.....	1d(1) 7497000	9044000
(2)	Employer real property.....	1d(2)	
e	Buildings and other property used in plan operation	1e	
f	Total assets (add all amounts in lines 1a through 1e)	1f 26013280	29211432
Liabilities			
g	Benefit claims payable	1g	
h	Operating payables	1h	
i	Acquisition indebtedness.....	1i	
j	Other liabilities.....	1j 0	22620
k	Total liabilities (add all amounts in lines 1g through 1j)	1k 0	22620
Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l 26013280	29188812

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

		(a) Amount	(b) Total
a	Contributions:		
(1)	Received or receivable in cash from: (A) Employers	2a(1)(A) 411449	
	(B) Participants	2a(1)(B) 784286	
	(C) Others (including rollovers).....	2a(1)(C) 2891	
(2)	Noncash contributions.....	2a(2)	
(3)	Total contributions. Add lines 2a(1)(A), (B), (C), and line 2a(2)	2a(3)	1198626
b	Earnings on investments:		
(1)	Interest:		
	(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A) 159	
	(B) U.S. Government securities	2b(1)(B)	
	(C) Corporate debt instruments	2b(1)(C)	
	(D) Loans (other than to participants)	2b(1)(D)	
	(E) Participant loans.....	2b(1)(E) 29074	
	(F) Other	2b(1)(F)	
	(G) Total interest. Add lines 2b(1)(A) through (F).....	2b(1)(G)	29233
(2)	Dividends: (A) Preferred stock.....	2b(2)(A)	
	(B) Common stock	2b(2)(B) 102340	
	(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C) 28200	
	(D) Total dividends. Add lines 2b(2)(A), (B), and (C)	2b(2)(D)	130540
(3)	Rents	2b(3)	
(4)	Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	
	(B) Aggregate carrying amount (see instructions).....	2b(4)(B)	
	(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)	0
(5)	Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	
	(B) Other	2b(5)(B)	
	(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)	0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		3749094
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		5107493
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	1877405	
(2) To insurance carriers for the provision of benefits.....	2e(2)		
(3) Other.....	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		1877405
f Corrective distributions (see instructions).....	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		14202
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)		
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)	31019	
(4) Other.....	2i(4)	9335	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		40354
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1931961
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d.....	2k		3175532
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan.....	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unmodified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☒ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: BANSLEY AND KIENER, LLP

(2) EIN: 36-2152389

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

	Yes	No	Amount
4a		X	

	Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)			
4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d		X	
e Was this plan covered by a fidelity bond?	X		2000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)		X	
4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
4k		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection.
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For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

A Name of plan PARKWAY BANCORP, INC. 401(K) PLAN	B Three-digit plan number (PN) ► 002
C Plan sponsor's name as shown on line 2a of Form 5500 PARKWAY BANCORP, INC.	D Employer Identification Number (EIN) 36-2694975

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 27-3169253 75-3182674		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
----------------	---

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2021
v. 201209

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment).....

14a

b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14b

c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14c

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year.....

15a

b The corresponding number for the second preceding plan year.....

15b

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year.....

16a

b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers.....

16b

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

- 20 PBGC missed contribution reporting requirements.** If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation _____

PARKWAY BANCORP, INC. 401(K) PLAN

FINANCIAL REPORT

DECEMBER 31, 2021 AND 2020

PARKWAY BANCORP, INC. 401(K) PLAN

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INDEPENDENT AUDITOR'S REPORT

To the Trustees of
Parkway Bancorp, Inc. 401(k) Plan

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit for the 2021 Financial Statements

We have performed an audit of the accompanying financial statements of Parkway Bancorp, Inc. 401(k) Plan, an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) [ERISA Section 103(a)(3)(C) audit]. The financial statements comprise the statement of net assets available for benefits as of December 31, 2021, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements (2021 Financial Statements).

Management, having determined it is permissible in the circumstances, has elected to have the audit of Parkway Bancorp, Inc. 401(k) Plan's 2021 financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained a certification from a qualified institution as of and for the year ended December 31, 2021, stating that the certified investment information, as described in Note 7 to the financial statements, is complete and accurate.

Opinion on the 2021 Financial Statements

In our opinion, based on our audit and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section—

- the amounts and disclosures in the 2021 financial statements referred to above, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- the information in the 2021 financial statements referred to above related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion on the 2021 Financial Statements

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section of our report. We are required to be independent of Parkway Bancorp, Inc. 401(k) Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the 2021 Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Parkway Bancorp, Inc. 401(k) Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments; administering the plan; and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the 2021 Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Parkway Bancorp, Inc. 401(k) Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Parkway Bancorp, Inc. 401(k) Plan's ability to continue as a going concern for a reasonable period of time.

Our audit did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the 2021 financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

2021 Supplemental Schedule Required by ERISA

The supplemental Schedule H, Line 4i – Schedule of Assets (Held at End of Year) is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedule, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards. For information included in the supplemental schedule that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, other than the information agreed to or derived from the certified investment information, including their form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion—

- the form and content of the supplemental schedule, other than the information in the supplemental schedule that agreed to or is derived from the certified investment information, is presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- the information in the supplemental schedule related to assets held by and certified to by a qualified institution agrees to or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Auditor's Report on the 2020 Financial Statements

We were engaged to audit the 2020 financial statements of Parkway Bancorp, Inc. 401(k) Plan. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for the Reporting and Disclosure under ERISA, the plan administrator instructed us not to perform, and we did not perform, any audit procedures with respect to the information certified by a qualified institution. In our report dated October 12, 2021, we indicated that (a) because of the significance of the information that we did not audit, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, we did not express an opinion on the 2020 financial statements, and (b) the form and content of the information included in the 2020 financial statements other than that derived from the certified information were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Banaley and Kiener, L.L.P.

Certified Public Accountants

October 12, 2022

PARKWAY BANCORP, INC. 401(K) PLANSTATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Investments at fair value	<u>\$ 28,657,813</u>	<u>\$ 25,583,071</u>
Receivables:		
Employer contributions	459,827	411,449
Notes receivable from participants	<u>463,123</u>	<u>420,496</u>
	<u>922,950</u>	<u>831,945</u>
Cash	<u>90,496</u>	<u>9,713</u>
Total assets	<u>29,671,259</u>	<u>26,424,729</u>
LIABILITIES		
Due to employer	<u>22,620</u>	<u>-</u>
Net assets available for benefits	<u>\$ 29,648,639</u>	<u>\$ 26,424,729</u>

The accompanying notes are an integral part of the financial statements.

PARKWAY BANCORP, INC. 401(K) PLANSTATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Additions to net assets attributed to:		
Investment income:		
Net appreciation in fair value of investments	\$ 3,749,094	\$ 2,932,356
Dividends and interest	<u>130,699</u>	<u>175,629</u>
Net investment income	<u>3,879,793</u>	<u>3,107,985</u>
Interest income on notes receivable from participants	<u>29,074</u>	<u>35,110</u>
Contributions:		
Employee	784,286	733,021
Employer	459,827	411,449
Rollover	<u>2,891</u>	<u>44,319</u>
Total contributions	<u>1,247,004</u>	<u>1,188,789</u>
Other income	<u>-</u>	<u>12,665</u>
Total additions	<u>5,155,871</u>	<u>4,344,549</u>
Deductions from net assets attributed to:		
Benefits paid to participants	1,891,607	1,954,012
Administrative expenses	<u>40,354</u>	<u>19,307</u>
Total deductions	<u>1,931,961</u>	<u>1,973,319</u>
Net increase	3,223,910	2,371,230
Net assets available for benefits		
Beginning of year	<u>26,424,729</u>	<u>24,053,499</u>
End of year	<u><u>\$ 29,648,639</u></u>	<u><u>\$ 26,424,729</u></u>

The accompanying notes are an integral part of the financial statements.

PARKWAY BANCORP, INC. 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

Note 1 – Plan Description

The following description of the Parkway Bancorp, Inc. 401(k) Plan (the “Plan”) (formerly the Parkway Bancorp, Inc. Profit Sharing Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan’s provisions.

General

The Plan is a defined contribution plan covering all employees of Parkway Bancorp, Inc. and Parkway Bank & Trust Company (collectively the “Company”) who have completed one year of employment with at least 1,000 hours of service.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended.

Contributions

Participants may elect to defer all or a portion of their compensation and have that amount contributed to the Plan on a pre-tax basis or on an after-tax basis as a Roth deferral. Elective salary deferrals are subject to Internal Revenue Service Code limitations. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions (rollover contributions) from other qualified defined benefit or contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers various mutual funds and a money market fund as investment options for participants. In addition, participants may invest in shares of the common stock of the Company. See Note 10 related to changes in a participant’s investment in the Company’s common stock. The Plan includes an auto enrollment-provision whereby all newly eligible employees are automatically enrolled in the Plan, unless they affirmatively elect not to participate, with a default deferral rate set at 2% of eligible compensation. Contributions are automatically invested in a designated default fund until changed by the participant.

The Company may make a discretionary profit sharing contribution to the Plan annually.

Participant Accounts

Each participant's account is credited with the participant's contributions, rollover contributions and an allocation of (a) Plan earnings, (b) the employer’s contribution (if any), and (c) are charged with an allocation of administrative expenses. Allocations are based on participant earnings, contributions, and account balances as defined in the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account, as defined.

Vesting

Participants are immediately 100% vested in their elective contributions, rollover contributions, and Safe Harbor contributions. The discretionary profit sharing contribution vests at 100% after three years of service. Vesting also occurs at age 65, or upon death or disability.

Forfeited Accounts

As of December 31, 2021 and 2020, forfeited non-vested accounts totaled \$955 and \$29,694, respectively. Forfeitures are retained in the Plan and will first be used to pay administrative expenses. Any remaining amounts will be used to reduce future Employer contributions payable under the Plan.

For the year ended December 31, 2021, forfeited non-vested accounts of \$33,159 were used to pay administrative expenses of the Plan.

PARKWAY BANCORP, INC. 401(K) PLANNOTES TO FINANCIAL STATEMENTS

Note 1 – Plan Description (Continued)

Payment of Benefits

If a participant terminates for any reason, a participant may elect to receive an amount equal to the value of the participant's vested interest in his or her account in the form of (1) a lump sum or (2) installments not to exceed past the participant's life expectancy. The Plan's provisions also provide for in-service withdrawals or withdrawals in the event of financial hardship, as defined by the Plan.

Notes Receivable from Participants

Participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balances. Loans are charged an interest rate equal to the prime lending rate plus 2%. Loan terms range from one to five years or up to 30 years for the purchase of a primary residence. The loans are collateralized by the balance in the participant's account and bear interest at rates ranging from 4.25% to 8.75%, which are commensurate with that charged for similar loans by lending institutions. Principal and interest are paid through payroll deductions.

Note 2 – Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Notes Receivable from Participants

Loans to participants are reported at their unpaid principal balances plus any accrued but unpaid interest. Related fees are charged directly to the borrowing participant's account and are included in administrative expenses when incurred. As of December 31, 2021 and 2020, no allowance for credit losses has been recorded. If a participant does not make loan payments and the plan administrator considers the participant to be in default, the loan balance is reduced, and the delinquent participant note is recorded as a benefit payment based on the terms of the Plan document.

Investment Valuation and Income Recognition

The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) in the fair value of investments includes the Plan's gains and losses on investments bought and sold during the year as well as held during the year.

PARKWAY BANCORP, INC. 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

Note 2 – Significant Accounting Policies (Continued)

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

Administrative fees are paid by the Plan unless paid by the Company at its discretion.

Date of Management's Review

Management has evaluated subsequent events through October 12, 2022, the date the financial statements were available to be issued.

Note 3 – Fair Value Measurement

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefits. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Financial Accounting Standards Board *Accounting Standards Codification 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

PARKWAY BANCORP, INC. 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

Note 3 – Fair Value Measurement (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Money Market Fund – Based upon quoted market prices of the shares held by the Plan at year-end, or when no quoted market prices are available, fair value is estimated to approximate the cost basis of the deposit account balance, based upon the liquidity of the account and the credit quality of the issuer.

Mutual Funds – Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Common Stock – Parkway Bancorp, Inc. stock is not actively traded and significant observable inputs are not available. The fair value of Parkway Bancorp, Inc. stock is determined by an independent appraisal. An independent appraiser selected by the Trustees performs this appraisal. The appraisal is based on a combination of factors including the nature and history of the Company, the competitive and economic outlook of the Company's trade areas and the banking industry in general, the book value and financial condition of the Company, its future earnings and dividend paying capacity, previous sales of the common stock of the Company, the prevailing market prices of selected publicly-traded banking organizations located in the Upper Midwest United States (States of Indiana, Illinois, Iowa, Minnesota and Wisconsin), and certain other information deemed pertinent to the evaluation. The Plan administrator determines the fair value measurement policies and procedures. Those policies and procedures are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third party information.

Self Directed Brokerage Accounts – Include mutual funds, equity securities and money market funds. These investments are included in Level 1.

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2021 and 2020.

		Plan Investments at Fair Value:		
	Fair Value	Level 1	Level 2	Level 3
<u>December 31, 2021</u>				
Money Market Fund	\$ 1,508,265	\$ 1,508,265	\$ -	\$ -
Mutual Funds	18,076,297	18,076,297	-	-
Self Directed Brokerage	29,251	29,251	-	-
Parkway Bancorp, Inc. common stock	<u>9,044,000</u>	<u>-</u>	<u>-</u>	<u>9,044,000</u>
Total Investments at Fair Value	<u>\$28,657,813</u>	<u>\$19,613,813</u>	<u>\$ -</u>	<u>\$9,044,000</u>

PARKWAY BANCORP, INC. 401(K) PLANNOTES TO FINANCIAL STATEMENTS

Note 3 – Fair Value Measurement (Continued)

	<u>Fair Value</u>	<u>Plan Investments at Fair Value:</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>December 31, 2020</u>				
Money Market Fund	\$ 1,981,591	\$ 1,981,591	\$ -	\$ -
Mutual Funds	15,991,774	15,991,774	-	-
Self Directed Brokerage	112,706	112,706	-	-
Parkway Bancorp, Inc. common stock	<u>7,497,000</u>	<u>-</u>	<u>-</u>	<u>7,497,000</u>
Total Investments at Fair Value	<u>\$25,583,071</u>	<u>\$18,086,071</u>	<u>\$ -</u>	<u>\$7,497,000</u>

The following table reconciles the beginning and ending balances of fair value measurements using significant unobservable inputs (Level 3) for the years ended December 31, 2021 and 2020.

	<u>Parkway Bancorp, Inc Common Stock</u>
<u>December 31, 2021</u>	
Beginning balance at December 31, 2020	\$7,497,000
Appreciation in fair value	1,547,000
Purchases, sales and settlements	<u>-</u>
Ending balance at December 31, 2021	<u>\$9,044,000</u>
<u>December 31, 2020</u>	
Beginning balance at December 31, 2019	\$6,538,000
Appreciation in fair value	959,000
Purchases, sales and settlements	<u>-</u>
Ending balance at December 31, 2020	<u>\$7,497,000</u>

The Plan's policy is to recognize transfers into and out of Level 3 as of the date of the event or change in circumstances that caused the transfer. For the year ended December 31, 2021, there were no significant transfers into or out of Level 3.

Note 4 – Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested.

Note 5 – Tax Status

The Plan has received a determination letter from the Internal Revenue Service (IRS) dated December 8, 2011, stating that the plan is qualified under Internal Revenue Code (IRC) Section 401(a), and therefore, the related trust is exempt from taxation. Once qualified, the plan is required to operate in conformity with the IRC to maintain its qualification. The plan administrator believes the plan is being operated in compliance with the applicable requirements of the IRC and, therefore, believes that the plan is qualified and the related trust is tax exempt.

PARKWAY BANCORP, INC. 401(K) PLANNOTES TO FINANCIAL STATEMENTS

Note 5 – Tax Status (Continued)

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress.

Note 6 – Related-Party Transactions

Certain administrative fees are paid by the Company and are not material to the financial statements.

As of December 31, 2021 and 2020, the Plan held 28 shares of Parkway Bancorp, Inc. common stock, which represents 3.26% of Parkway Bancorp, Inc.'s total outstanding common stock. Distributions in-kind of Company stock is permitted under the Plan.

All of these party-in-interest transactions are exempt from the prohibited transaction rules of ERISA.

Note 7 – Information Certified by Trustee

The Plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Newport Trust Company, the trustee of the Plan, has certified that the following investment information included in the accompanying financial statements and supplemental schedule is complete and accurate.

- Investments, as shown in the statements of net assets available for benefits as of December 31, 2021 and 2020, except for the investments in Parkway Bancorp, Inc. common stock.
- Investment income except for the investment income earned on Parkway Bancorp, Inc. common stock, as shown in the statement of changes in net assets available for benefits for the years ended December 31, 2021 and 2020.
- Schedule H, line 4i – schedule of assets held for investment purposes at end of year – December 31, 2021, except for the investments in Parkway Bancorp, Inc. common stock.

Note 8 – Risk and Uncertainties

The Plan invests in various investments securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that the changes in the values of investment securities will occur in the near term and that such changes may materially affect participant account balances and the amounts reported in the statement of net assets available for benefits.

On January 30, 2020, the World Health Organization (WHO) declared the novel coronavirus outbreak (COVID-19) a public health emergency. In March 2020, the WHO classified the outbreak as a pandemic based on the rapid increase in exposure globally. As of the date of this report, the full impact of the outbreak on the Plan continues to evolve, as is the duration and severity that the Plan Sponsor may experience. The financial impact and duration cannot be reasonably estimated by Plan management at this time.

PARKWAY BANCORP, INC. 401(K) PLANNOTES TO FINANCIAL STATEMENTS

Note 9 – Reconciliation of Financial Statements to Schedule H of Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Schedule H of Form 5500:

	<u>2021</u>	<u>2020</u>
Net assets available for benefits per the financial statements	\$29,648,639	\$26,424,729
Less: Employer contributions receivable	<u>(459,827)</u>	<u>(411,449)</u>
Net assets available for benefits per Schedule H of the Form 5500	<u>\$29,188,812</u>	<u>\$26,013,280</u>

The following is a reconciliation of employer contributions per the financial statements to Schedule H of Form 5500 for the year ended December 31, 2021:

Employer contributions per the financial statements	\$ 459,827
Add: Employer contributions receivable at 12/31/2020	411,449
Less: Employer contributions receivable at 12/31/2021	<u>(459,827)</u>
Employer contributions per Schedule H of the Form 5500	<u>\$ 411,449</u>

Note 10 – Subsequent Events

Generally, participants may make daily changes in their investments. However, investments in the Company's common stock are not publicly traded and, therefore, the opportunity to buy or sell that stock is subject to willing buyers and sellers coming to terms with respect to any potential purchase or sale of the stock. In September 2022, to provide Plan participants greater liquidity with respect to their investment in the Company's common stock, the Company has agreed to purchase a limited number of shares of stock (approximately \$2,261,000, representing 7 shares of Company common stock) from current and former participants. Current participants have the option to continue to maintain their investment in the stock.

In addition, the Plan suspended future investments in the Company's common stock, including by those participants presently invested in the Company's common stock. Current participants have the option to continue to maintain their investment in the common stock. A notice to participants disclosing these changes was distributed in September, 2022.

SUPPLEMENTAL SCHEDULE

PARKWAY BANCORP, INC. 401(K) PLAN
EIN: 36-2694975
SCHEDULE SUPPORTING FORM 5500 FOR 2021
FOR THE PLAN YEAR ENDED DECEMBER 31, 2021

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

(A) Party in Interest	(B) Identity of Issue, borrower, lessor or similar party	(C) Description of Investment including maturity date, rate of interest, par value or maturity value			(D) Cost	(E) Market Value
		Interest Rate	Maturity Date	Par Value/ or Shares		
	<u>INTEREST BEARING CASH</u>					
	Vanguard Federal Money Market Fund Investor Shares	Various	Demand	1,508,265	N/A	\$ 1,508,265
	<u>MUTUAL FUNDS</u>					
	BlackRock EAFE Equity Index			5.330	N/A	691
	BlackRock Russell 2000 Index Fund			786.272	N/A	202,740
	Columbia Overseas Value CIT			661.039	N/A	10,530
	BlackRock U.S. Debt Index Fund			706.281	N/A	129,603
	BlackRock U.S. TIPs Index Fund			19,424.421	N/A	221,050
	BlackRock Equity Index Fund			3,369.809	N/A	2,172,920
	BlackRock Mid Cap Equity Index Fund			56.999	N/A	15,999
	MyWayRetirement Index 2025 Fund			146,171.398	N/A	1,973,314
	MyWayRetirement Index 2030 Fund			54,504.567	N/A	760,884
	MyWayRetirement Index 2035 Fund			54,799.097	N/A	791,299
	MyWayRetirement Index 2040 Fund			13,993.513	N/A	207,384
	MyWayRetirement Index 2045 Fund			29,430.498	N/A	447,344
	MyWayRetirement Index 2050 Fund			2,573.170	N/A	39,472
	MyWayRetirement Index 2055 Fund			5,595.864	N/A	86,288
	MyWayRetirement Index 2060 Fund			1,621.172	N/A	24,966
	MyWayRetirement Index 2065 Fund			275.044	N/A	3,072
	MyWayRetirement Index Retirement Fund			88,665.694	N/A	1,166,840
	MyWayRetirement Balanced Fund			112,901.696	N/A	1,201,274
	MyWayRetirement Commodities Fund			4.583	N/A	48
	MyWayRetirement Core Bond Fund			717.860	N/A	7,293
	MyWayRetirement Emerging Markets Fund Class			15,478.450	N/A	145,343
	MyWayRetirement Global Bond Fund			279.363	N/A	2,816
	MyWayRetirement International Growth Fund			87,481.000	N/A	912,427
	MyWayRetirement Large Cap Growth Fund			227,127.547	N/A	2,702,818
	MyWayRetirement Large Cap Value Fund			80,966.813	N/A	872,013
	MyWayRetirement Mid Cap Growth Fund			121,299.117	N/A	1,357,337
	MyWayRetirement Mid Cap Value Fund			45,867.768	N/A	476,107
	MyWayRetirement Multisector Bond Fund			113,256.923	N/A	1,154,088
	MyWayRetirement Real Estate Fund			2,515.084	N/A	29,376
	MyWayRetirement Small Cap Growth Fund			72,925.893	N/A	728,530
	MyWayRetirement Small Cap Value Fund			23,104.475	N/A	232,431
	<u>EMPLOYER ISSUED SECURITIES</u>					
	Parkway Bancorp, Inc. Common stock			28.000		9,044,000
	<u>OTHER</u>					
	Self Directed Accounts					29,251
						<u>\$ 28,657,813</u>
*	Notes receivable from participants		Participant loans with interest rates ranging from 4.25% to 8.75%			\$ 463,123

* Represents a party in interest to the Plan

N/A - not required for participant directed accounts.

PARKWAY BANCORP, INC. 401(K) PLAN

FINANCIAL REPORT

DECEMBER 31, 2021 AND 2020

PARKWAY BANCORP, INC. 401(K) PLAN

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INDEPENDENT AUDITOR'S REPORT

To the Trustees of
Parkway Bancorp, Inc. 401(k) Plan

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit for the 2021 Financial Statements

We have performed an audit of the accompanying financial statements of Parkway Bancorp, Inc. 401(k) Plan, an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) [ERISA Section 103(a)(3)(C) audit]. The financial statements comprise the statement of net assets available for benefits as of December 31, 2021, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements (2021 Financial Statements).

Management, having determined it is permissible in the circumstances, has elected to have the audit of Parkway Bancorp, Inc. 401(k) Plan's 2021 financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained a certification from a qualified institution as of and for the year ended December 31, 2021, stating that the certified investment information, as described in Note 7 to the financial statements, is complete and accurate.

Opinion on the 2021 Financial Statements

In our opinion, based on our audit and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section—

- the amounts and disclosures in the 2021 financial statements referred to above, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- the information in the 2021 financial statements referred to above related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion on the 2021 Financial Statements

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section of our report. We are required to be independent of Parkway Bancorp, Inc. 401(k) Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the 2021 Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Parkway Bancorp, Inc. 401(k) Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments; administering the plan; and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the 2021 Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit of the 2021 Financial Statements section of our report, our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Parkway Bancorp, Inc. 401(k) Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Parkway Bancorp, Inc. 401(k) Plan's ability to continue as a going concern for a reasonable period of time.

Our audit did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the 2021 financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

2021 Supplemental Schedule Required by ERISA

The supplemental Schedule H, Line 4i – Schedule of Assets (Held at End of Year) is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information included in the supplemental schedule, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards. For information included in the supplemental schedule that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, other than the information agreed to or derived from the certified investment information, including their form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion—

- the form and content of the supplemental schedule, other than the information in the supplemental schedule that agreed to or is derived from the certified investment information, is presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- the information in the supplemental schedule related to assets held by and certified to by a qualified institution agrees to or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Auditor's Report on the 2020 Financial Statements

We were engaged to audit the 2020 financial statements of Parkway Bancorp, Inc. 401(k) Plan. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for the Reporting and Disclosure under ERISA, the plan administrator instructed us not to perform, and we did not perform, any audit procedures with respect to the information certified by a qualified institution. In our report dated October 12, 2021, we indicated that (a) because of the significance of the information that we did not audit, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, we did not express an opinion on the 2020 financial statements, and (b) the form and content of the information included in the 2020 financial statements other than that derived from the certified information were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Banaley and Kiener, L.L.P.

Certified Public Accountants

October 12, 2022

PARKWAY BANCORP, INC. 401(K) PLANSTATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Investments at fair value	<u>\$ 28,657,813</u>	<u>\$ 25,583,071</u>
Receivables:		
Employer contributions	459,827	411,449
Notes receivable from participants	<u>463,123</u>	<u>420,496</u>
	<u>922,950</u>	<u>831,945</u>
Cash	<u>90,496</u>	<u>9,713</u>
Total assets	<u>29,671,259</u>	<u>26,424,729</u>
LIABILITIES		
Due to employer	<u>22,620</u>	<u>-</u>
Net assets available for benefits	<u>\$ 29,648,639</u>	<u>\$ 26,424,729</u>

The accompanying notes are an integral part of the financial statements.

PARKWAY BANCORP, INC. 401(K) PLANSTATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Additions to net assets attributed to:		
Investment income:		
Net appreciation in fair value of investments	\$ 3,749,094	\$ 2,932,356
Dividends and interest	<u>130,699</u>	<u>175,629</u>
Net investment income	<u>3,879,793</u>	<u>3,107,985</u>
Interest income on notes receivable from participants	<u>29,074</u>	<u>35,110</u>
Contributions:		
Employee	784,286	733,021
Employer	459,827	411,449
Rollover	<u>2,891</u>	<u>44,319</u>
Total contributions	<u>1,247,004</u>	<u>1,188,789</u>
Other income	<u>-</u>	<u>12,665</u>
Total additions	<u>5,155,871</u>	<u>4,344,549</u>
Deductions from net assets attributed to:		
Benefits paid to participants	1,891,607	1,954,012
Administrative expenses	<u>40,354</u>	<u>19,307</u>
Total deductions	<u>1,931,961</u>	<u>1,973,319</u>
Net increase	3,223,910	2,371,230
Net assets available for benefits		
Beginning of year	<u>26,424,729</u>	<u>24,053,499</u>
End of year	<u>\$ 29,648,639</u>	<u>\$ 26,424,729</u>

The accompanying notes are an integral part of the financial statements.

PARKWAY BANCORP, INC. 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

Note 1 – Plan Description

The following description of the Parkway Bancorp, Inc. 401(k) Plan (the “Plan”) (formerly the Parkway Bancorp, Inc. Profit Sharing Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan’s provisions.

General

The Plan is a defined contribution plan covering all employees of Parkway Bancorp, Inc. and Parkway Bank & Trust Company (collectively the “Company”) who have completed one year of employment with at least 1,000 hours of service.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended.

Contributions

Participants may elect to defer all or a portion of their compensation and have that amount contributed to the Plan on a pre-tax basis or on an after-tax basis as a Roth deferral. Elective salary deferrals are subject to Internal Revenue Service Code limitations. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions (rollover contributions) from other qualified defined benefit or contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers various mutual funds and a money market fund as investment options for participants. In addition, participants may invest in shares of the common stock of the Company. See Note 10 related to changes in a participant’s investment in the Company’s common stock. The Plan includes an auto enrollment-provision whereby all newly eligible employees are automatically enrolled in the Plan, unless they affirmatively elect not to participate, with a default deferral rate set at 2% of eligible compensation. Contributions are automatically invested in a designated default fund until changed by the participant.

The Company may make a discretionary profit sharing contribution to the Plan annually.

Participant Accounts

Each participant's account is credited with the participant's contributions, rollover contributions and an allocation of (a) Plan earnings, (b) the employer’s contribution (if any), and (c) are charged with an allocation of administrative expenses. Allocations are based on participant earnings, contributions, and account balances as defined in the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account, as defined.

Vesting

Participants are immediately 100% vested in their elective contributions, rollover contributions, and Safe Harbor contributions. The discretionary profit sharing contribution vests at 100% after three years of service. Vesting also occurs at age 65, or upon death or disability.

Forfeited Accounts

As of December 31, 2021 and 2020, forfeited non-vested accounts totaled \$955 and \$29,694, respectively. Forfeitures are retained in the Plan and will first be used to pay administrative expenses. Any remaining amounts will be used to reduce future Employer contributions payable under the Plan.

For the year ended December 31, 2021, forfeited non-vested accounts of \$33,159 were used to pay administrative expenses of the Plan.

PARKWAY BANCORP, INC. 401(K) PLANNOTES TO FINANCIAL STATEMENTS

Note 1 – Plan Description (Continued)

Payment of Benefits

If a participant terminates for any reason, a participant may elect to receive an amount equal to the value of the participant's vested interest in his or her account in the form of (1) a lump sum or (2) installments not to exceed past the participant's life expectancy. The Plan's provisions also provide for in-service withdrawals or withdrawals in the event of financial hardship, as defined by the Plan.

Notes Receivable from Participants

Participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balances. Loans are charged an interest rate equal to the prime lending rate plus 2%. Loan terms range from one to five years or up to 30 years for the purchase of a primary residence. The loans are collateralized by the balance in the participant's account and bear interest at rates ranging from 4.25% to 8.75%, which are commensurate with that charged for similar loans by lending institutions. Principal and interest are paid through payroll deductions.

Note 2 – Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Notes Receivable from Participants

Loans to participants are reported at their unpaid principal balances plus any accrued but unpaid interest. Related fees are charged directly to the borrowing participant's account and are included in administrative expenses when incurred. As of December 31, 2021 and 2020, no allowance for credit losses has been recorded. If a participant does not make loan payments and the plan administrator considers the participant to be in default, the loan balance is reduced, and the delinquent participant note is recorded as a benefit payment based on the terms of the Plan document.

Investment Valuation and Income Recognition

The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) in the fair value of investments includes the Plan's gains and losses on investments bought and sold during the year as well as held during the year.

PARKWAY BANCORP, INC. 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

Note 2 – Significant Accounting Policies (Continued)

Payment of Benefits

Benefits are recorded when paid.

Administrative Expenses

Administrative fees are paid by the Plan unless paid by the Company at its discretion.

Date of Management's Review

Management has evaluated subsequent events through October 12, 2022, the date the financial statements were available to be issued.

Note 3 – Fair Value Measurement

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefits. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Financial Accounting Standards Board *Accounting Standards Codification 820, Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

PARKWAY BANCORP, INC. 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

Note 3 – Fair Value Measurement (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Money Market Fund – Based upon quoted market prices of the shares held by the Plan at year-end, or when no quoted market prices are available, fair value is estimated to approximate the cost basis of the deposit account balance, based upon the liquidity of the account and the credit quality of the issuer.

Mutual Funds – Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Common Stock – Parkway Bancorp, Inc. stock is not actively traded and significant observable inputs are not available. The fair value of Parkway Bancorp, Inc. stock is determined by an independent appraisal. An independent appraiser selected by the Trustees performs this appraisal. The appraisal is based on a combination of factors including the nature and history of the Company, the competitive and economic outlook of the Company's trade areas and the banking industry in general, the book value and financial condition of the Company, its future earnings and dividend paying capacity, previous sales of the common stock of the Company, the prevailing market prices of selected publicly-traded banking organizations located in the Upper Midwest United States (States of Indiana, Illinois, Iowa, Minnesota and Wisconsin), and certain other information deemed pertinent to the evaluation. The Plan administrator determines the fair value measurement policies and procedures. Those policies and procedures are reassessed at least annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third party information.

Self Directed Brokerage Accounts – Include mutual funds, equity securities and money market funds. These investments are included in Level 1.

The following tables set forth by level, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2021 and 2020.

		Plan Investments at Fair Value:		
	Fair Value	Level 1	Level 2	Level 3
<u>December 31, 2021</u>				
Money Market Fund	\$ 1,508,265	\$ 1,508,265	\$ -	\$ -
Mutual Funds	18,076,297	18,076,297	-	-
Self Directed Brokerage	29,251	29,251	-	-
Parkway Bancorp, Inc. common stock	<u>9,044,000</u>	<u>-</u>	<u>-</u>	<u>9,044,000</u>
Total Investments at Fair Value	<u>\$28,657,813</u>	<u>\$19,613,813</u>	<u>\$ -</u>	<u>\$9,044,000</u>

PARKWAY BANCORP, INC. 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

Note 3 – Fair Value Measurement (Continued)

	<u>Fair Value</u>	<u>Plan Investments at Fair Value:</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>December 31, 2020</u>				
Money Market Fund	\$ 1,981,591	\$ 1,981,591	\$ -	\$ -
Mutual Funds	15,991,774	15,991,774	-	-
Self Directed Brokerage	112,706	112,706	-	-
Parkway Bancorp, Inc. common stock	<u>7,497,000</u>	<u>-</u>	<u>-</u>	<u>7,497,000</u>
Total Investments at Fair Value	<u>\$25,583,071</u>	<u>\$18,086,071</u>	<u>\$ -</u>	<u>\$7,497,000</u>

The following table reconciles the beginning and ending balances of fair value measurements using significant unobservable inputs (Level 3) for the years ended December 31, 2021 and 2020.

	<u>Parkway Bancorp, Inc Common Stock</u>
<u>December 31, 2021</u>	
Beginning balance at December 31, 2020	\$7,497,000
Appreciation in fair value	1,547,000
Purchases, sales and settlements	<u>-</u>
Ending balance at December 31, 2021	<u>\$9,044,000</u>
<u>December 31, 2020</u>	
Beginning balance at December 31, 2019	\$6,538,000
Appreciation in fair value	959,000
Purchases, sales and settlements	<u>-</u>
Ending balance at December 31, 2020	<u>\$7,497,000</u>

The Plan's policy is to recognize transfers into and out of Level 3 as of the date of the event or change in circumstances that caused the transfer. For the year ended December 31, 2021, there were no significant transfers into or out of Level 3.

Note 4 – Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested.

Note 5 – Tax Status

The Plan has received a determination letter from the Internal Revenue Service (IRS) dated December 8, 2011, stating that the plan is qualified under Internal Revenue Code (IRC) Section 401(a), and therefore, the related trust is exempt from taxation. Once qualified, the plan is required to operate in conformity with the IRC to maintain its qualification. The plan administrator believes the plan is being operated in compliance with the applicable requirements of the IRC and, therefore, believes that the plan is qualified and the related trust is tax exempt.

PARKWAY BANCORP, INC. 401(K) PLANNOTES TO FINANCIAL STATEMENTS

Note 5 – Tax Status (Continued)

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress.

Note 6 – Related-Party Transactions

Certain administrative fees are paid by the Company and are not material to the financial statements.

As of December 31, 2021 and 2020, the Plan held 28 shares of Parkway Bancorp, Inc. common stock, which represents 3.26% of Parkway Bancorp, Inc.'s total outstanding common stock. Distributions in-kind of Company stock is permitted under the Plan.

All of these party-in-interest transactions are exempt from the prohibited transaction rules of ERISA.

Note 7 – Information Certified by Trustee

The Plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Newport Trust Company, the trustee of the Plan, has certified that the following investment information included in the accompanying financial statements and supplemental schedule is complete and accurate.

- Investments, as shown in the statements of net assets available for benefits as of December 31, 2021 and 2020, except for the investments in Parkway Bancorp, Inc. common stock.
- Investment income except for the investment income earned on Parkway Bancorp, Inc. common stock, as shown in the statement of changes in net assets available for benefits for the years ended December 31, 2021 and 2020.
- Schedule H, line 4i – schedule of assets held for investment purposes at end of year – December 31, 2021, except for the investments in Parkway Bancorp, Inc. common stock.

Note 8 – Risk and Uncertainties

The Plan invests in various investments securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that the changes in the values of investment securities will occur in the near term and that such changes may materially affect participant account balances and the amounts reported in the statement of net assets available for benefits.

On January 30, 2020, the World Health Organization (WHO) declared the novel coronavirus outbreak (COVID-19) a public health emergency. In March 2020, the WHO classified the outbreak as a pandemic based on the rapid increase in exposure globally. As of the date of this report, the full impact of the outbreak on the Plan continues to evolve, as is the duration and severity that the Plan Sponsor may experience. The financial impact and duration cannot be reasonably estimated by Plan management at this time.

PARKWAY BANCORP, INC. 401(K) PLANNOTES TO FINANCIAL STATEMENTS

Note 9 – Reconciliation of Financial Statements to Schedule H of Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Schedule H of Form 5500:

	<u>2021</u>	<u>2020</u>
Net assets available for benefits per the financial statements	\$29,648,639	\$26,424,729
Less: Employer contributions receivable	<u>(459,827)</u>	<u>(411,449)</u>
Net assets available for benefits per Schedule H of the Form 5500	<u>\$29,188,812</u>	<u>\$26,013,280</u>

The following is a reconciliation of employer contributions per the financial statements to Schedule H of Form 5500 for the year ended December 31, 2021:

Employer contributions per the financial statements	\$ 459,827
Add: Employer contributions receivable at 12/31/2020	411,449
Less: Employer contributions receivable at 12/31/2021	<u>(459,827)</u>
Employer contributions per Schedule H of the Form 5500	<u>\$ 411,449</u>

Note 10 – Subsequent Events

Generally, participants may make daily changes in their investments. However, investments in the Company's common stock are not publicly traded and, therefore, the opportunity to buy or sell that stock is subject to willing buyers and sellers coming to terms with respect to any potential purchase or sale of the stock. In September 2022, to provide Plan participants greater liquidity with respect to their investment in the Company's common stock, the Company has agreed to purchase a limited number of shares of stock (approximately \$2,261,000, representing 7 shares of Company common stock) from current and former participants. Current participants have the option to continue to maintain their investment in the stock.

In addition, the Plan suspended future investments in the Company's common stock, including by those participants presently invested in the Company's common stock. Current participants have the option to continue to maintain their investment in the common stock. A notice to participants disclosing these changes was distributed in September, 2022.

SUPPLEMENTAL SCHEDULE

PARKWAY BANCORP, INC. 401(K) PLAN
EIN: 36-2694975
SCHEDULE SUPPORTING FORM 5500 FOR 2021
FOR THE PLAN YEAR ENDED DECEMBER 31, 2021

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

(A) Party in Interest	(B) Identity of Issue, borrower, lessor or similar party	(C) Description of Investment including maturity date, rate of interest, par value or maturity value			(D) Cost	(E) Market Value
		Interest Rate	Maturity Date	Par Value/ or Shares		
<u>INTEREST BEARING CASH</u>						
	Vanguard Federal Money Market Fund Investor Shares	Various	Demand	1,508,265	N/A	\$ 1,508,265
<u>MUTUAL FUNDS</u>						
	BlackRock EAFE Equity Index			5.330	N/A	691
	BlackRock Russell 2000 Index Fund			786.272	N/A	202,740
	Columbia Overseas Value CIT			661.039	N/A	10,530
	BlackRock U.S. Debt Index Fund			706.281	N/A	129,603
	BlackRock U.S. TIPs Index Fund			19,424.421	N/A	221,050
	BlackRock Equity Index Fund			3,369.809	N/A	2,172,920
	BlackRock Mid Cap Equity Index Fund			56.999	N/A	15,999
	MyWayRetirement Index 2025 Fund			146,171.398	N/A	1,973,314
	MyWayRetirement Index 2030 Fund			54,504.567	N/A	760,884
	MyWayRetirement Index 2035 Fund			54,799.097	N/A	791,299
	MyWayRetirement Index 2040 Fund			13,993.513	N/A	207,384
	MyWayRetirement Index 2045 Fund			29,430.498	N/A	447,344
	MyWayRetirement Index 2050 Fund			2,573.170	N/A	39,472
	MyWayRetirement Index 2055 Fund			5,595.864	N/A	86,288
	MyWayRetirement Index 2060 Fund			1,621.172	N/A	24,966
	MyWayRetirement Index 2065 Fund			275.044	N/A	3,072
	MyWayRetirement Index Retirement Fund			88,665.694	N/A	1,166,840
	MyWayRetirement Balanced Fund			112,901.696	N/A	1,201,274
	MyWayRetirement Commodities Fund			4.583	N/A	48
	MyWayRetirement Core Bond Fund			717.860	N/A	7,293
	MyWayRetirement Emerging Markets Fund Class			15,478.450	N/A	145,343
	MyWayRetirement Global Bond Fund			279.363	N/A	2,816
	MyWayRetirement International Growth Fund			87,481.000	N/A	912,427
	MyWayRetirement Large Cap Growth Fund			227,127.547	N/A	2,702,818
	MyWayRetirement Large Cap Value Fund			80,966.813	N/A	872,013
	MyWayRetirement Mid Cap Growth Fund			121,299.117	N/A	1,357,337
	MyWayRetirement Mid Cap Value Fund			45,867.768	N/A	476,107
	MyWayRetirement Multisector Bond Fund			113,256.923	N/A	1,154,088
	MyWayRetirement Real Estate Fund			2,515.084	N/A	29,376
	MyWayRetirement Small Cap Growth Fund			72,925.893	N/A	728,530
	MyWayRetirement Small Cap Value Fund			23,104.475	N/A	232,431
<u>EMPLOYER ISSUED SECURITIES</u>						
	Parkway Bancorp, Inc. Common stock			28.000		9,044,000
<u>OTHER</u>						
	Self Directed Accounts					29,251
						<u><u>\$ 28,657,813</u></u>
*	Notes receivable from participants		Participant loans with interest rates ranging from 4.25% to 8.75%			\$ 463,123

* Represents a party in interest to the Plan

N/A - not required for participant directed accounts.