

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>THE PADUCAH BANK & TRUST COMPANY, INC. 401(K) AND EMPLOYEE STOCK OWNERSHIP 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>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>08/28/1967</u></td> </tr> <tr> <td colspan="2">2b Employer Identification Number (EIN) <u>61-0418959</u></td> </tr> <tr> <td colspan="2">2c Plan Sponsor's telephone number <u>270-575-5700</u></td> </tr> <tr> <td colspan="2">2d Business code (see instructions) <u>522110</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>08/28/1967</u>		2b Employer Identification Number (EIN) <u>61-0418959</u>		2c Plan Sponsor's telephone number <u>270-575-5700</u>		2d Business code (see instructions) <u>522110</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>										
1c Effective date of plan <u>08/28/1967</u>											
2b Employer Identification Number (EIN) <u>61-0418959</u>											
2c Plan Sponsor's telephone number <u>270-575-5700</u>											
2d Business code (see instructions) <u>522110</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>THE PADUCAH BANK & TRUST COMPANY, INC.</u> <u>P. O. BOX 2600</u> <u>PADUCAH, KY 42002-2600</u> <u>555 JEFFERSON</u> <u>PADUCAH, KY 42002-2600</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.	08/31/2022	JOSEPH H. FRAMPTOM
	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	156
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)	156
a(2) Total number of active participants at the end of the plan year		6a(2)	148
b Retired or separated participants receiving benefits.....		6b	0
c Other retired or separated participants entitled to future benefits		6c	0
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d	148
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e	0
f Total. Add lines 6d and 6e		6f	148
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g	148
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested		6h	6
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 2H 2J 2O 2Q			
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) ☐ 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 THE PADUCAH BANK & TRUST COMPANY, INC. 401(K) AND EMPLOYEE STOCK OWNERSHIP PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 THE PADUCAH BANK & TRUST COMPANY, INC.	D Employer Identification Number (EIN) 61-0418959	

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	
CAROLINE KORTE	P.O. BOX 2600 PADUCAH, KY 42002-2600

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation	
JESSE TAYLOR	P.O. BOX 2600 PADUCAH, KY 42002-2600

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation	
CAPITAL GROUP RETIREMENT PLAN SERV	6455 IRVINE CENTER DRIVE IRVINE, CA 92618

(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)

WILLIAMS, WILLIAMS & LENTZ, LLP

601 JEFFERSON ST.
PADUCAH, KY 42001

61-0481842

(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	NONE	54715	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☒

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

THE BANK ADVISORY GROUP

15100 GEBRON DRIVE
AUSTIN, TX 78734

84-3773822

(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?
34	NONE	27675	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☒

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

FORVIS

1818 WALLACE COURT
BOWLING GREEN, KY 42103

44-0160260

(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?
10	NONE	19514	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

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 THE PADUCAH BANK & TRUST COMPANY, INC. 401(K) AND EMPLOYEE STOCK OWNERSHIP PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 THE PADUCAH BANK & TRUST COMPANY, INC.	D Employer Identification Number (EIN) 61-0418959	

Part I	Asset and Liability Statement		
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	26	60186
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	635515	695423
(2) Participant contributions.....	1b(2)		6868
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(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)		
(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)	29776459	32110775
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other.....	1c(15)		

		(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:		
(1)	Employer securities.....	1d(1) 21907628	22791425
(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 52319628	55664677
Liabilities			
g	Benefit claims payable	1g	
h	Operating payables	1h	
i	Acquisition indebtedness.....	1i	
j	Other liabilities.....	1j 33690	65325
k	Total liabilities (add all amounts in lines 1g through 1j)	1k 33690	65325
Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l 52285938	55599352

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) 695423	
	(B) Participants	2a(1)(B) 773248	
	(C) Others (including rollovers).....	2a(1)(C) 171722	
(2)	Noncash contributions.....	2a(2)	
(3)	Total contributions. Add lines 2a(1)(A), (B), (C), and line 2a(2)	2a(3)	1640393
b	Earnings on investments:		
(1)	Interest:		
	(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)	
	(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)	
	(F) Other	2b(1)(F)	
	(G) Total interest. Add lines 2b(1)(A) through (F).....	2b(1)(G)	0
(2)	Dividends: (A) Preferred stock.....	2b(2)(A)	
	(B) Common stock	2b(2)(B) 1804659	
	(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C) 1546104	
	(D) Total dividends. Add lines 2b(2)(A), (B), and (C)	2b(2)(D)	3350763
(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) 1869537	
	(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)	1869537

		(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)		2954351
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		9815044
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	6403888	
(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)		6403888
f Corrective distributions (see instructions).....	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
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)		
(4) Other.....	2i(4)	97742	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		97742
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		6501630
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d.....	2k		3313414
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: FORVIS

(2) EIN: 44-0160260

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		10377

	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		10000000
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?			
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?			
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.)			
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?			
4k		X	
l Has the plan failed to provide any benefit when due under the plan?			
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
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	X		

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 THE PADUCAH BANK & TRUST COMPANY, INC. 401(K) AND EMPLOYEE STOCK OWNERSHIP PLAN	B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 THE PADUCAH BANK & TRUST COMPANY, INC.	D Employer Identification Number (EIN) 61-0418959

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
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): 61-0418959	
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
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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 _____

**The Paducah Bank & Trust Company, Inc.
401(k) and Employee Stock Ownership Plan**

EIN 61-0418959 PN 001

Independent Auditor's Report and Financial Statements

December 31, 2021 and 2020

The Paducah Bank & Trust Company, Inc.
401(k) and Employee Stock Ownership Plan
December 31, 2021 and 2020

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Independent Auditor's Report

Plan Administrator and Plan Management
The Paducah Bank & Trust Company, Inc.
401(k) and Employee Stock Ownership Plan
Paducah, Kentucky

Opinion

We have audited the financial statements of The Paducah Bank & Trust Company, Inc. (Company) 401(k) and Employee Stock Ownership Plan (Plan), an employee benefit plan subject to the *Employee Retirement Income Security Act of 1974*, which comprise the statements of net assets available for benefits as of December 31, 2021 and 2020, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits as of December 31, 2021 and 2020, and the changes in its net assets available for benefits for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Financial Statements* section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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 the Plan's ability to continue as a going concern within one year after the date that these 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 Financial Statements

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 the 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 the Plan's ability to continue as a going concern for a reasonable period of time.

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.

Supplemental Schedules Required by the *Employee Retirement Income Security Act of 1974*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the *Employee Retirement Income Security Act of 1974*. 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 has been subjected to the auditing procedures applied in the audits 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.

In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the *Employee Retirement Income Security Act of 1974*.

In our opinion, the information in the accompanying schedules is fairly stated, in all material respects, in relation to the financial statements as a whole, and the form and content are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the *Employee Retirement Income Security Act of 1974*.

FORVIS,LLP

Bowling Green, Kentucky
August 10, 2022

Federal Employer Identification Number: 44-0160260

**The Paducah Bank & Trust Company, Inc.
401(k) and Employee Stock Ownership Plan**

**Statements of Net Assets Available for Benefits
December 31, 2021 and 2020**

Assets

	<u>2021</u>	<u>2020</u>
Cash	\$ 60,186	\$ 26
Investments, at Fair Value		
Paducah Bank Shares, Inc. common stock	22,791,425	21,907,628
Mutual funds	<u>32,110,775</u>	<u>29,776,459</u>
	<u>54,902,200</u>	<u>51,684,087</u>
Receivables		
Employer contributions	695,423	635,515
Distribution receivable from Paducah Bank Shares, Inc.	460,280	649,644
Participant contributions	<u>6,868</u>	<u>-</u>
Total receivables	<u>1,162,571</u>	<u>1,285,159</u>

Liability

Administrative Fees Payable	<u>65,325</u>	<u>33,690</u>
Net Assets Available for Benefits	<u>\$ 56,059,632</u>	<u>\$ 52,935,582</u>

The Paducah Bank & Trust Company, Inc.
401(k) and Employee Stock Ownership Plan
Statements of Changes in Net Assets Available for Benefits
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Investment Income		
Net appreciation in fair value of Paducah Bank Shares, Inc. common stock	\$ 1,869,537	\$ 1,587,075
Net appreciation in fair value of mutual funds	2,954,351	4,198,912
Distributions from Paducah Bank Shares, Inc.	1,615,295	1,625,573
Dividends	<u>1,546,104</u>	<u>354,034</u>
Net investment income	<u>7,985,287</u>	<u>7,765,594</u>
Contributions		
Participants	773,248	779,589
Employer	695,423	635,515
Rollovers	<u>171,722</u>	<u>44,826</u>
	<u>1,640,393</u>	<u>1,459,930</u>
Total additions	<u>9,625,680</u>	<u>9,225,524</u>
Deductions		
Benefits paid to participants	6,403,888	1,962,550
Administrative expenses	<u>97,742</u>	<u>56,515</u>
Total deductions	<u>6,501,630</u>	<u>2,019,065</u>
Net Increase	<u>3,124,050</u>	<u>7,206,459</u>
Net Assets Available for Benefits, Beginning of Year	<u>52,935,582</u>	<u>45,729,123</u>
Net Assets Available for Benefits, End of Year	<u><u>\$ 56,059,632</u></u>	<u><u>\$ 52,935,582</u></u>

The Paducah Bank & Trust Company, Inc. 401(k) and Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 2021 and 2020

Note 1: Description of The Paducah Bank & Trust Company, Inc. 401(k) and Employee Stock Ownership Plan

General

The following description of The Paducah Bank & Trust Company, Inc. (Company) 401(k) and Employee Stock Ownership Plan (Plan) provides only general information. Participants should refer to the Plan document and *Summary Plan Description* for a more complete description of the Plan's provisions, which are available from the Plan administrator.

The Plan is a defined contribution Plan sponsored by the Company for the benefit of its employees who have at least one year of service. The Plan is subject to the provisions of the *Employee Retirement Income Security Act of 1974* (ERISA). Joseph Framptom is the trustee of the Plan. The Company serves as Plan custodian.

The Plan is intended to be a combination stock bonus Plan and profit-sharing Plan meeting the requirements of ERISA and of Sections 401(a) and 501(a) of the Internal Revenue Code (IRC) of 1986, as amended, a combination, which is permitted under Section 54.4975.11(a)(5) of the Treasury Regulations. The portion of the Plan consisting of employer employee stock ownership plan (ESOP) contributions is an ESOP, as described in Section 4975(e)(7) of the IRC and Section 407(d)(6) of ERISA, which is a stock bonus Plan qualified under Section 401(a) of the IRC. The portion of the Plan consisting of employee salary reduction contributions, employer matching contributions, and profit-sharing contributions is a profit-sharing Plan qualified under Section 401(a) of the IRC.

Contributions

401(k) – The Plan permits eligible employees through a salary deferral election to have the Company make annual contributions of up to 100% of eligible compensation. Employee rollover contributions are also permitted. The Company makes matching contributions of 50% of employees' salary deferral amounts on the first 6% of employees' compensation. Company contributions are discretionary as determined by the Company's board of directors. Contributions are subject to certain limitations. Forfeitures are used to reduce Company contributions.

ESOP – The Company may make a discretionary cash contribution each year to the ESOP accounts of participants. The cash contribution is invested in mutual funds or Company stock by the Plan sponsor, at its discretion. During 2021 and 2020, the Company contributed cash of \$460,650 and \$394,000, respectively, to the ESOP portion of the Plan.

The Paducah Bank & Trust Company, Inc.

401(k) and Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 2021 and 2020

Participation

401(k) – Employees of the Company are generally eligible to participate in the Plan the first day of the quarter following their hire date. Participants who do not have at least 1,000 hours of service during such Plan year or are not employed on the last working day of a Plan year are generally not eligible for an allocation of Company contributions for such year.

ESOP – Employees of the Company are generally eligible to participate in the Plan after one year of service, provided they worked at least 1,000 hours during such Plan year. Participants who do not have at least 1,000 hours of service during such Plan year or are not employed on the last working day of a Plan year are generally not eligible for an allocation of Company contributions for such year.

Participant Investment Account Options

401(k) – Investment account options available include various funds, including common stock of the Plan sponsor. Each participant has the option of directing his contributions into any of the separate investment accounts and may change the allocation daily.

ESOP – Employer ESOP contributions to the Plan are invested at the discretion of the trustee.

Participant Accounts

401(k) – Each participant's account is credited with the participant's contribution, the Company's contributions, and Plan earnings, and is charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

ESOP – The Plan is a defined contribution Plan under which a separate individual account is established for each participant. Each participant's account is credited as of the last day of each Plan year with an allocation of shares of the Company's common stock or mutual funds purchased with employer contributions and forfeitures of terminated participants' nonvested accounts. Only those participants who are eligible employees of the Company as of the last day of the Plan year will receive an allocation. Employer contributions are allocated to each participant's account based upon the relation of the participant's compensation to total compensation for the Plan year. Plan earnings are allocated to each participant's account based on the ratio of the participant's beginning of the year account balance to all participants' beginning of the year account balances.

The Paducah Bank & Trust Company, Inc. 401(k) and Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 2021 and 2020

Vesting

Participants are immediately vested in their voluntary contributions, plus earnings thereon. Participants vest in the Plan sponsor's contributions and earnings thereon at a rate of 20% each year beginning after two years of continuous service, becoming fully vested after six years of continuous service. The nonvested balance is forfeited upon termination of service. Participants terminating due to normal retirement, death, or disability will be 100% vested.

Put Option

Under federal income tax regulation, the employer stock that is held by the Plan and its participants and is not readily tradable on an established market or is subject to trading limitations, includes a put option. The put option is a right to demand the Company buy any shares of its stock distributed to participants for which there is no market. The put price is the fair market value of the stock. The Company can pay for the purchase with interest over a period of five years. The purpose of the put option is to ensure the participant has the ability to ultimately obtain cash.

Payment of Benefits

401(k) – Upon termination of service, an employee receives a lump-sum amount equal to the vested value of his or her account.

ESOP – Generally, distributions from the Plan will not be made until a participant attains age 62, has reached the 10th anniversary of the year in which the participant commenced participation in the Plan, or otherwise terminates employment with the Company. In-service withdrawals are permitted if a participant has attained age 59.5 and has not received any other distribution during the calendar quarter. Distributions are made in cash. In the case of a participant with an account balance of Company stock exceeding \$1,150,000, the five-year period can be extended by an additional year for each \$230,000 or fraction thereof by which the account balance exceeds \$1,150,000.

Voting Rights

Each participant is entitled to exercise voting rights attributable to the Company's shares allocated to his or her account for a limited number of matters, including the sale or a change in control of the Plan sponsor and is notified by the trustee prior to the time such rights are to be exercised. In such instances, the trustee is not permitted to vote any allocated share for which a participant has not given instructions. The trustee is required; however, to vote any unallocated shares on behalf of the collective best interest of Plan participants and beneficiaries.

The Paducah Bank & Trust Company, Inc. 401(k) and Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 2021 and 2020

Diversification

Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company common stock into investments, which are more diversified. Participants who are at least age 55 with at least 10 years of participation in the Plan may elect to diversify a portion of their account. Diversification is offered to each eligible participant until the year during, which the participant incurs a termination of employment. In each of the first five years of eligibility, a participant may diversify up to 25% of the Company stock allocated to his or her account, less any shares previously diversified from the time of the election. In the sixth year of eligibility and each year thereafter, a participant may diversify up to 50% of the Company stock allocated to his or her account, less any shares previously diversified from the time of election. To the extent that a participant makes the above election, the portion of the Company stock in the participant's account that is subject to the election shall be liquidated and reinvested in the non-ESOP portion of the Plan, pursuant to the participant's instructions.

Forfeited Accounts

401(k) – Forfeited nonvested accounts will be used to reduce future employer contributions.

ESOP – Employer contributions and Plan forfeitures are allocated to each participant's account based upon the relation of the participant's compensation to total compensation in a future Plan year. Plan earnings are allocated to each participant's account based on the ratio of the participant's beginning of the year account balance to all participants' beginning of the year account balances.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements 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 management to make estimates and assumptions that affect the reported amounts of net assets and changes in net assets and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

The Paducah Bank & Trust Company, Inc. 401(k) and Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 2021 and 2020

Investment Valuation and Income Recognition

Investments are reported at fair value. Quoted market prices, if available, are used to value the Plan's mutual fund investments. The common shares of the Company are valued at estimated fair value as determined by quarterly independent appraisals.

Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses from these transactions are reported on the average cost method. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold, as well as held during the year.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Administrative Expenses

Administrative costs may be paid by the Company or the Plan, at the Company's discretion. In 2021 and 2020, the Plan paid all administrative expenses with the exception of expenses to amend the Plan document, which were paid by the Company.

Note 3: Nonparticipant-Directed Investments

The non participant-directed investments of the Plan, including both common stock of the Plan sponsor and mutual funds invested at the discretion of the Company, are presented in the following table:

	2021	2020
Company common stock		
Number of shares	14,375	15,314
Cost	\$ 3,002,894	\$ 3,178,874
Company common stock at fair value	\$ 11,658,734	\$ 11,408,725
Mutual funds	5,788,622	5,178,901
	<u>\$ 17,447,356</u>	<u>\$ 16,587,626</u>

The Paducah Bank & Trust Company, Inc. 401(k) and Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 2021 and 2020

Note 4: Net Assets by Participant- and Nonparticipant-Directed Investments

Information about the net assets and the significant components of the changes in net assets relating to the participant- and nonparticipant-directed investments is as follows:

	2021		
	Nonparticipant-Directed Funds	Participant-Directed Funds	Total
Investment Income			
Net appreciation in fair value of Paducah Bank Shares, Inc. common stock	\$ 925,580	\$ 943,957	\$ 1,869,537
Net appreciation in fair value of mutual funds	578,146	2,376,205	2,954,351
Distributions received from Paducah Bank Shares, Inc.	831,973	783,322	1,615,295
Dividends	69,663	1,476,441	1,546,104
Net investment income	2,405,362	5,579,925	7,985,287
Contributions			
Participants	-	773,248	773,248
Employer	460,650	234,773	695,423
Rollovers	-	171,722	171,722
	460,650	1,179,743	1,640,393
Total additions	2,866,012	6,759,668	9,625,680
Deductions			
Benefits paid to participants	1,853,703	4,550,185	6,403,888
Administrative expenses	10,610	87,132	97,742
Total deductions	1,864,313	4,637,317	6,501,630
Transfer to Participant-Directed Accounts	(223,166)	223,166	-
Net Increase	778,533	2,345,517	3,124,050
Net Assets Available for Benefits, Beginning of Year	17,298,888	35,636,694	52,935,582
Net Assets Available for Benefits, End of Year	\$ 18,077,421	\$ 37,982,211	\$ 56,059,632

The Paducah Bank & Trust Company, Inc. 401(k) and Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 2021 and 2020

	2020		
	Nonparticipant-Directed Funds	Participant-Directed Funds	Total
Investment Income			
Net appreciation in fair value of Paducah Bank Shares, Inc. common stock	\$ 825,041	\$ 762,034	\$ 1,587,075
Net appreciation in fair value of mutual funds	637,562	3,561,350	4,198,912
Distributions received from Paducah Bank Shares, Inc.	843,011	782,562	1,625,573
Dividends	63,165	290,869	354,034
Net investment income	2,368,779	5,396,815	7,765,594
Contributions			
Participants	-	779,589	779,589
Employer	394,000	241,515	635,515
Rollovers	-	44,826	44,826
	394,000	1,065,930	1,459,930
Total additions	2,762,779	6,462,745	9,225,524
Deductions			
Benefits paid to participants	560,708	1,401,842	1,962,550
Administrative expenses	19,287	37,228	56,515
Total deductions	579,995	1,439,070	2,019,065
Transfer to Participant-Directed Accounts	(168,686)	168,686	-
Net Increase	2,014,098	5,192,361	7,206,459
Net Assets Available for Benefits, Beginning of Year	15,284,790	30,444,333	45,729,123
Net Assets Available for Benefits, End of Year	\$ 17,298,888	\$ 35,636,694	\$ 52,935,582

The Paducah Bank & Trust Company, Inc. 401(k) and Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 2021 and 2020

Note 5: Transfer of Plan Assets

Effective August 9, 2021, a new custodian of the 401(k) portion of the Plan was appointed. Plan assets transferred to the new custodian were transferred into funds comparable to those offered by the previous custodian. The conversion initiated a “Black Out” period beginning August 9, 2021 and continued through September 19, 2021. During this period, funds could not be applied to the employee-selected funds with the custodian or withdrawn from the Plan until the custodian had time to accurately complete the conversion. During this period, employee contributions continued to be made through payroll deductions and the contributions were deposited and held in the money market account until the completion of the Black Out period. At the end of the Black Out period, these funds were transferred to the new custodian and invested in funds as requested by each participant.

Note 6: Plan Amendments

Effective January 1, 2020, the Plan was amended and restated, which a) increased the time period eligible participants meeting the diversification requirements could diversify from a definitive six-year period to each year after becoming eligible until separation of employment with the Company (see Note 1 for further explanation), b) allows participants who have met the diversification requirements to opt out of reallocation of Company stock held in the employer-directed investments, and c) clarifies certain other language within the Plan for administrative purposes.

As a result of the economic uncertainty created by the spread of SARS-CoV-2, the restated Plan was amended, effective May 14, 2020, to temporarily suspend all transactions involving Company stock through December 31, 2020.

Note 7: Party-in-Interest Transactions

Party-in-interest transactions include those with fiduciaries or employees of the Plan, any person who provides services to the Plan, an employer whose employees are covered by the Plan, an employee organization whose members are covered by the Plan, a person who owns 50% or more of such an employer, employee association, or relatives of such persons.

Party-in-interest transactions include the Plan’s investment in the Company’s common stock, certain mutual funds managed by American Funds, who also serves as the custodian of those funds, and certain administrative services provided by the Company at no cost to the Plan. The Plan also paid record keeping and other administrative fees to various parties in interest of \$97,742 and \$56,515 for the years ended December 31, 2021 and 2020, respectively.

The Paducah Bank & Trust Company, Inc. 401(k) and Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 2021 and 2020

Note 8: Disclosures About Fair Value of Plan Assets and Liabilities

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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of net assets available for benefits measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall on December 31, 2021 and 2020:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
December 31, 2021				
Money market funds	\$ 803,686	\$ 803,686	\$ -	\$ -
Mutual funds	31,307,089	31,307,089	-	-
Paducah Bank Shares, Inc.	22,791,425	-	-	22,791,425
	<u>\$ 54,902,200</u>	<u>\$ 32,110,775</u>	<u>\$ -</u>	<u>\$ 22,791,425</u>
December 31, 2020				
Money market funds	\$ 1,270,647	\$ 1,270,647	\$ -	\$ -
Mutual funds	28,505,812	28,505,812	-	-
Paducah Bank Shares, Inc.	21,907,628	-	-	21,907,628
	<u>\$ 51,684,087</u>	<u>\$ 29,776,459</u>	<u>\$ -</u>	<u>\$ 21,907,628</u>

The Paducah Bank & Trust Company, Inc. 401(k) and Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 2021 and 2020

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of net assets available for benefits, as well as the general classification of such assets, pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2021 or 2020. The Plan had no liabilities measured at fair value on a recurring basis. In addition, the Plan had no assets or liabilities measured at fair value on a nonrecurring basis.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Level 3 Activity

During the years ended December 31, 2021 and 2020, the Plan purchased Paducah Bank Shares, Inc. shares of \$606,840 and \$256,734, respectively. During the years ended December 31, 2021 and 2020, the Plan sold Paducah Bank Shares, Inc. shares of \$1,584,845 and \$172,059, respectively.

Note 9: Plan Termination

Although it has not expressed an intention 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 will become 100% vested in their accounts.

The Paducah Bank & Trust Company, Inc. 401(k) and Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 2021 and 2020

Note 10: Tax Status

The IRS no longer issues determination letters for individualized plans. The Plan obtained its latest determination letter on March 3, 2015, in which the IRS stated that the Plan and related trust, as then designed, were in compliance with the applicable requirements of the IRC and, therefore, not subject to tax. The Plan has been amended since receiving the determination letter. However, the Plan administrator believes the Plan and related trust are currently designed and being operated in compliance with the applicable requirements of the IRC.

Note 11: Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2021 and 2020, to Form 5500:

	<u>2021</u>	<u>2020</u>
Net assets available for benefits per the financial statements	\$ 56,059,632	\$ 52,935,582
Distribution receivable from the Company	<u>(460,280)</u>	<u>(649,644)</u>
Net assets available for benefits per Form 5500	<u><u>\$ 55,599,352</u></u>	<u><u>\$ 52,285,938</u></u>

The following is a reconciliation of the net increase in net assets available for benefits per the financial statements for the years ended December 31, 2021 and 2020, to Form 5500:

	<u>2021</u>	<u>2020</u>
Net increase in net assets available for benefits per the financial statements	\$ 3,124,050	\$ 7,206,459
Distribution receivable from the Company	(460,280)	(649,644)
Prior year distribution receivable from the Company	<u>649,644</u>	<u>285,020</u>
Net increase per Form 5500	<u><u>\$ 3,313,414</u></u>	<u><u>\$ 6,841,835</u></u>

The Paducah Bank & Trust Company, Inc. 401(k) and Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 2021 and 2020

Note 12: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Valuation of Paducah Bank Shares, Inc. Common Stock

The common stock of the Company's stock, owned by the Plan, is valued at its estimated fair value as determined by an independent appraisal. The estimated fair value per share of this common stock as of December 31, 2021, was \$811. The actual fair value of this common stock can only be determined based upon an ultimate sale of the Company.

Note 13: Risks and Uncertainties

The Plan invests in various investment 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 changes in the values of investment securities will occur in the near term and that such changes could materially affect the participants' account balances and the amounts reported in the statements of net assets available for benefits.

Note 14: Subsequent Events

Subsequent events have been evaluated through August 10, 2022, which is the date the financial statements were available to be issued.

Economic uncertainty and volatility has arisen since December 31, 2021, which has resulted in a subsequent decline in the value of Plan assets. The duration of these uncertainties and volatility and the ultimate financial effects on the Plan and Plan assets cannot be reasonably estimated at this time.

Through August 10, 2022, the Company repurchased 13,271 shares of Paducah Bank Shares, Inc. common stock for \$10,801,898 to fund certain distributions and diversifications.

Supplemental Schedules

**The Paducah Bank & Trust Company, Inc.
401(k) and Employee Stock Ownership Plan**

EIN 61-0418959 PN 001

**Schedule H, Line 4a – Schedule of Delinquent Participant Contributions
Year Ended December 31, 2021**

	Total That Constitute Nonexempt Prohibited Transactions				Corrected Under VGCP and PTE 2002-51
	Participant Contributions Transferred Late to Plan	Contributions Not Corrected	Contributions	Contributions	
			Corrected Outside VFCP	Pending Correction in VFCP	
Participant contributions	\$ 10,377	\$ -	\$ 10,377	\$ -	\$ -

The Paducah Bank & Trust Company, Inc.
401(k) and Employee Stock Ownership Plan

EIN 61-0418959 PN 001

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

December 31, 2021

Identity of Issuer	Description of Investment	Cost	Current Value
Money Market			
*American Funds Money Market Fund R5	88,240 units	88,240	\$ 88,240
*American Funds Us Govt Money Market R6	715,446 units	**	715,446
Mutual Funds			
*American Funds 2020 Target Date Fund R6	824 units	**	11,794
*American Funds 2025 Target Date Fund R6	54,725 units	**	884,909
*American Funds 2030 Target Date Fund R6	122,202 units	**	2,183,748
*American Funds 2035 Target Date Fund R6	114,532 units	**	2,247,115
*American Funds 2040 Target Date Fund R6	34,297 units	**	710,632
*American Funds 2045 Target Date Fund R6	32,439 units	**	692,252
*American Funds 2050 Target Date Fund R6	39,784 units	**	839,053
*American Funds 2055 Target Date Fund R6	6,054 units	**	160,967
*American Funds 2060 Target Date Fund R6	2,503 units	**	44,758
*American Funds 2065 Target Date Fund R6	327 units	**	5,513
*American Funds American Balanced R6	108,742 units	**	3,640,690
*American Funds Bond Fund Of Amer R6	42,020 units	**	562,651
*American Funds Capital World G/I R6	25,296 units	**	1,609,826
*American Funds Europacific Gr R6	28,916 units	**	1,871,742
*American Funds Fundamental Investors R6	40,152 units	**	3,049,966
*American Funds Growth Fund Of Amer R6	57,134 units	**	4,248,519
*American Funds Invmt Co Of America R6	14,897 units	**	771,348
*American Funds Washington Mutual R6	34,229 units	**	2,071,225
*American Funds AMCAP Fund R5	16,798 units	444,208	779,749
*American Funds EuroPacific Growth Fund R5	4,453 units	200,690	287,955
*American Funds New Perspective Fund R5	8,217 units	325,514	545,105
*American Funds Small Cap World Fund R5	6,239 units	282,172	523,545
*American Funds Capital World Growth and Income Fund R5	5,250 units	263,781	334,275
*American Funds Fundamental Investors R5	8,873 units	439,172	674,529
*American Funds Investment Company of America R5	12,886 units	455,551	667,372
*American Funds Capital Income Builder R5	6,716 units	385,189	471,346
*American Funds Bond Fund of America R5	20,146 units	258,842	269,752
*American Funds Capital World Bond Fund R5	3,235 units	64,787	64,471
*American Funds Intermediate Bond Fund of America R5	49,879 units	668,301	684,836
Washington Mutual Investors Fund R5	6,575 units	347,612	397,446
			32,110,775
Common stock			
*Paducah Bank Shares, Inc. common stock	14,376 shares	3,002,894	11,658,734
*Paducah Bank Shares, Inc. common stock	13,717 shares	**	11,132,691
			22,791,425
			\$ 54,902,200

* Party-in-interest

** Cost information is not required for participant-directed investments and, therefore, is not included.

**The Paducah Bank & Trust Company, Inc.
401(k) and Employee Stock Ownership Plan**

EIN 61-0418959 PN 001

Independent Auditor's Report and Financial Statements

December 31, 2021 and 2020

The Paducah Bank & Trust Company, Inc.
401(k) and Employee Stock Ownership Plan
December 31, 2021 and 2020

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Independent Auditor's Report

Plan Administrator and Plan Management
The Paducah Bank & Trust Company, Inc.
401(k) and Employee Stock Ownership Plan
Paducah, Kentucky

Opinion

We have audited the financial statements of The Paducah Bank & Trust Company, Inc. (Company) 401(k) and Employee Stock Ownership Plan (Plan), an employee benefit plan subject to the *Employee Retirement Income Security Act of 1974*, which comprise the statements of net assets available for benefits as of December 31, 2021 and 2020, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits as of December 31, 2021 and 2020, and the changes in its net assets available for benefits for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Financial Statements* section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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 the Plan's ability to continue as a going concern within one year after the date that these 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 Financial Statements

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 the 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 the Plan's ability to continue as a going concern for a reasonable period of time.

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.

Supplemental Schedules Required by the *Employee Retirement Income Security Act of 1974*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the *Employee Retirement Income Security Act of 1974*. 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 has been subjected to the auditing procedures applied in the audits 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.

In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the *Employee Retirement Income Security Act of 1974*.

In our opinion, the information in the accompanying schedules is fairly stated, in all material respects, in relation to the financial statements as a whole, and the form and content are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the *Employee Retirement Income Security Act of 1974*.

FORVIS,LLP

Bowling Green, Kentucky
August 10, 2022

Federal Employer Identification Number: 44-0160260

**The Paducah Bank & Trust Company, Inc.
401(k) and Employee Stock Ownership Plan**

**Statements of Net Assets Available for Benefits
December 31, 2021 and 2020**

Assets

	<u>2021</u>	<u>2020</u>
Cash	\$ 60,186	\$ 26
Investments, at Fair Value		
Paducah Bank Shares, Inc. common stock	22,791,425	21,907,628
Mutual funds	<u>32,110,775</u>	<u>29,776,459</u>
	<u>54,902,200</u>	<u>51,684,087</u>
Receivables		
Employer contributions	695,423	635,515
Distribution receivable from Paducah Bank Shares, Inc.	460,280	649,644
Participant contributions	<u>6,868</u>	<u>-</u>
Total receivables	<u>1,162,571</u>	<u>1,285,159</u>

Liability

Administrative Fees Payable	<u>65,325</u>	<u>33,690</u>
Net Assets Available for Benefits	<u>\$ 56,059,632</u>	<u>\$ 52,935,582</u>

The Paducah Bank & Trust Company, Inc.
401(k) and Employee Stock Ownership Plan
Statements of Changes in Net Assets Available for Benefits
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Investment Income		
Net appreciation in fair value of Paducah Bank Shares, Inc. common stock	\$ 1,869,537	\$ 1,587,075
Net appreciation in fair value of mutual funds	2,954,351	4,198,912
Distributions from Paducah Bank Shares, Inc.	1,615,295	1,625,573
Dividends	<u>1,546,104</u>	<u>354,034</u>
Net investment income	<u>7,985,287</u>	<u>7,765,594</u>
Contributions		
Participants	773,248	779,589
Employer	695,423	635,515
Rollovers	<u>171,722</u>	<u>44,826</u>
	<u>1,640,393</u>	<u>1,459,930</u>
Total additions	<u>9,625,680</u>	<u>9,225,524</u>
Deductions		
Benefits paid to participants	6,403,888	1,962,550
Administrative expenses	<u>97,742</u>	<u>56,515</u>
Total deductions	<u>6,501,630</u>	<u>2,019,065</u>
Net Increase	<u>3,124,050</u>	<u>7,206,459</u>
Net Assets Available for Benefits, Beginning of Year	<u>52,935,582</u>	<u>45,729,123</u>
Net Assets Available for Benefits, End of Year	<u><u>\$ 56,059,632</u></u>	<u><u>\$ 52,935,582</u></u>

The Paducah Bank & Trust Company, Inc. 401(k) and Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 2021 and 2020

Note 1: Description of The Paducah Bank & Trust Company, Inc. 401(k) and Employee Stock Ownership Plan

General

The following description of The Paducah Bank & Trust Company, Inc. (Company) 401(k) and Employee Stock Ownership Plan (Plan) provides only general information. Participants should refer to the Plan document and *Summary Plan Description* for a more complete description of the Plan's provisions, which are available from the Plan administrator.

The Plan is a defined contribution Plan sponsored by the Company for the benefit of its employees who have at least one year of service. The Plan is subject to the provisions of the *Employee Retirement Income Security Act of 1974* (ERISA). Joseph Framptom is the trustee of the Plan. The Company serves as Plan custodian.

The Plan is intended to be a combination stock bonus Plan and profit-sharing Plan meeting the requirements of ERISA and of Sections 401(a) and 501(a) of the Internal Revenue Code (IRC) of 1986, as amended, a combination, which is permitted under Section 54.4975.11(a)(5) of the Treasury Regulations. The portion of the Plan consisting of employer employee stock ownership plan (ESOP) contributions is an ESOP, as described in Section 4975(e)(7) of the IRC and Section 407(d)(6) of ERISA, which is a stock bonus Plan qualified under Section 401(a) of the IRC. The portion of the Plan consisting of employee salary reduction contributions, employer matching contributions, and profit-sharing contributions is a profit-sharing Plan qualified under Section 401(a) of the IRC.

Contributions

401(k) – The Plan permits eligible employees through a salary deferral election to have the Company make annual contributions of up to 100% of eligible compensation. Employee rollover contributions are also permitted. The Company makes matching contributions of 50% of employees' salary deferral amounts on the first 6% of employees' compensation. Company contributions are discretionary as determined by the Company's board of directors. Contributions are subject to certain limitations. Forfeitures are used to reduce Company contributions.

ESOP – The Company may make a discretionary cash contribution each year to the ESOP accounts of participants. The cash contribution is invested in mutual funds or Company stock by the Plan sponsor, at its discretion. During 2021 and 2020, the Company contributed cash of \$460,650 and \$394,000, respectively, to the ESOP portion of the Plan.

The Paducah Bank & Trust Company, Inc.

401(k) and Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 2021 and 2020

Participation

401(k) – Employees of the Company are generally eligible to participate in the Plan the first day of the quarter following their hire date. Participants who do not have at least 1,000 hours of service during such Plan year or are not employed on the last working day of a Plan year are generally not eligible for an allocation of Company contributions for such year.

ESOP – Employees of the Company are generally eligible to participate in the Plan after one year of service, provided they worked at least 1,000 hours during such Plan year. Participants who do not have at least 1,000 hours of service during such Plan year or are not employed on the last working day of a Plan year are generally not eligible for an allocation of Company contributions for such year.

Participant Investment Account Options

401(k) – Investment account options available include various funds, including common stock of the Plan sponsor. Each participant has the option of directing his contributions into any of the separate investment accounts and may change the allocation daily.

ESOP – Employer ESOP contributions to the Plan are invested at the discretion of the trustee.

Participant Accounts

401(k) – Each participant's account is credited with the participant's contribution, the Company's contributions, and Plan earnings, and is charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

ESOP – The Plan is a defined contribution Plan under which a separate individual account is established for each participant. Each participant's account is credited as of the last day of each Plan year with an allocation of shares of the Company's common stock or mutual funds purchased with employer contributions and forfeitures of terminated participants' nonvested accounts. Only those participants who are eligible employees of the Company as of the last day of the Plan year will receive an allocation. Employer contributions are allocated to each participant's account based upon the relation of the participant's compensation to total compensation for the Plan year. Plan earnings are allocated to each participant's account based on the ratio of the participant's beginning of the year account balance to all participants' beginning of the year account balances.

The Paducah Bank & Trust Company, Inc. 401(k) and Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 2021 and 2020

Vesting

Participants are immediately vested in their voluntary contributions, plus earnings thereon. Participants vest in the Plan sponsor's contributions and earnings thereon at a rate of 20% each year beginning after two years of continuous service, becoming fully vested after six years of continuous service. The nonvested balance is forfeited upon termination of service. Participants terminating due to normal retirement, death, or disability will be 100% vested.

Put Option

Under federal income tax regulation, the employer stock that is held by the Plan and its participants and is not readily tradable on an established market or is subject to trading limitations, includes a put option. The put option is a right to demand the Company buy any shares of its stock distributed to participants for which there is no market. The put price is the fair market value of the stock. The Company can pay for the purchase with interest over a period of five years. The purpose of the put option is to ensure the participant has the ability to ultimately obtain cash.

Payment of Benefits

401(k) – Upon termination of service, an employee receives a lump-sum amount equal to the vested value of his or her account.

ESOP – Generally, distributions from the Plan will not be made until a participant attains age 62, has reached the 10th anniversary of the year in which the participant commenced participation in the Plan, or otherwise terminates employment with the Company. In-service withdrawals are permitted if a participant has attained age 59.5 and has not received any other distribution during the calendar quarter. Distributions are made in cash. In the case of a participant with an account balance of Company stock exceeding \$1,150,000, the five-year period can be extended by an additional year for each \$230,000 or fraction thereof by which the account balance exceeds \$1,150,000.

Voting Rights

Each participant is entitled to exercise voting rights attributable to the Company's shares allocated to his or her account for a limited number of matters, including the sale or a change in control of the Plan sponsor and is notified by the trustee prior to the time such rights are to be exercised. In such instances, the trustee is not permitted to vote any allocated share for which a participant has not given instructions. The trustee is required; however, to vote any unallocated shares on behalf of the collective best interest of Plan participants and beneficiaries.

The Paducah Bank & Trust Company, Inc. 401(k) and Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 2021 and 2020

Diversification

Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company common stock into investments, which are more diversified. Participants who are at least age 55 with at least 10 years of participation in the Plan may elect to diversify a portion of their account. Diversification is offered to each eligible participant until the year during, which the participant incurs a termination of employment. In each of the first five years of eligibility, a participant may diversify up to 25% of the Company stock allocated to his or her account, less any shares previously diversified from the time of the election. In the sixth year of eligibility and each year thereafter, a participant may diversify up to 50% of the Company stock allocated to his or her account, less any shares previously diversified from the time of election. To the extent that a participant makes the above election, the portion of the Company stock in the participant's account that is subject to the election shall be liquidated and reinvested in the non-ESOP portion of the Plan, pursuant to the participant's instructions.

Forfeited Accounts

401(k) – Forfeited nonvested accounts will be used to reduce future employer contributions.

ESOP – Employer contributions and Plan forfeitures are allocated to each participant's account based upon the relation of the participant's compensation to total compensation in a future Plan year. Plan earnings are allocated to each participant's account based on the ratio of the participant's beginning of the year account balance to all participants' beginning of the year account balances.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements 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 management to make estimates and assumptions that affect the reported amounts of net assets and changes in net assets and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

The Paducah Bank & Trust Company, Inc. 401(k) and Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 2021 and 2020

Investment Valuation and Income Recognition

Investments are reported at fair value. Quoted market prices, if available, are used to value the Plan's mutual fund investments. The common shares of the Company are valued at estimated fair value as determined by quarterly independent appraisals.

Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses from these transactions are reported on the average cost method. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold, as well as held during the year.

Payment of Benefits

Benefit payments to participants are recorded upon distribution.

Administrative Expenses

Administrative costs may be paid by the Company or the Plan, at the Company's discretion. In 2021 and 2020, the Plan paid all administrative expenses with the exception of expenses to amend the Plan document, which were paid by the Company.

Note 3: Nonparticipant-Directed Investments

The non participant-directed investments of the Plan, including both common stock of the Plan sponsor and mutual funds invested at the discretion of the Company, are presented in the following table:

	2021	2020
Company common stock		
Number of shares	14,375	15,314
Cost	\$ 3,002,894	\$ 3,178,874
Company common stock at fair value	\$ 11,658,734	\$ 11,408,725
Mutual funds	5,788,622	5,178,901
	<u>\$ 17,447,356</u>	<u>\$ 16,587,626</u>

The Paducah Bank & Trust Company, Inc. 401(k) and Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 2021 and 2020

Note 4: Net Assets by Participant- and Nonparticipant-Directed Investments

Information about the net assets and the significant components of the changes in net assets relating to the participant- and nonparticipant-directed investments is as follows:

	2021		
	Nonparticipant-Directed Funds	Participant-Directed Funds	Total
Investment Income			
Net appreciation in fair value of Paducah Bank Shares, Inc. common stock	\$ 925,580	\$ 943,957	\$ 1,869,537
Net appreciation in fair value of mutual funds	578,146	2,376,205	2,954,351
Distributions received from Paducah Bank Shares, Inc.	831,973	783,322	1,615,295
Dividends	69,663	1,476,441	1,546,104
Net investment income	2,405,362	5,579,925	7,985,287
Contributions			
Participants	-	773,248	773,248
Employer	460,650	234,773	695,423
Rollovers	-	171,722	171,722
	460,650	1,179,743	1,640,393
Total additions	2,866,012	6,759,668	9,625,680
Deductions			
Benefits paid to participants	1,853,703	4,550,185	6,403,888
Administrative expenses	10,610	87,132	97,742
Total deductions	1,864,313	4,637,317	6,501,630
Transfer to Participant-Directed Accounts	(223,166)	223,166	-
Net Increase	778,533	2,345,517	3,124,050
Net Assets Available for Benefits, Beginning of Year	17,298,888	35,636,694	52,935,582
Net Assets Available for Benefits, End of Year	\$ 18,077,421	\$ 37,982,211	\$ 56,059,632

The Paducah Bank & Trust Company, Inc. 401(k) and Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 2021 and 2020

	2020		
	Nonparticipant-Directed Funds	Participant-Directed Funds	Total
Investment Income			
Net appreciation in fair value of Paducah Bank Shares, Inc. common stock	\$ 825,041	\$ 762,034	\$ 1,587,075
Net appreciation in fair value of mutual funds	637,562	3,561,350	4,198,912
Distributions received from Paducah Bank Shares, Inc.	843,011	782,562	1,625,573
Dividends	63,165	290,869	354,034
Net investment income	2,368,779	5,396,815	7,765,594
Contributions			
Participants	-	779,589	779,589
Employer	394,000	241,515	635,515
Rollovers	-	44,826	44,826
	394,000	1,065,930	1,459,930
Total additions	2,762,779	6,462,745	9,225,524
Deductions			
Benefits paid to participants	560,708	1,401,842	1,962,550
Administrative expenses	19,287	37,228	56,515
Total deductions	579,995	1,439,070	2,019,065
Transfer to Participant-Directed Accounts	(168,686)	168,686	-
Net Increase	2,014,098	5,192,361	7,206,459
Net Assets Available for Benefits, Beginning of Year	15,284,790	30,444,333	45,729,123
Net Assets Available for Benefits, End of Year	\$ 17,298,888	\$ 35,636,694	\$ 52,935,582

The Paducah Bank & Trust Company, Inc. 401(k) and Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 2021 and 2020

Note 5: Transfer of Plan Assets

Effective August 9, 2021, a new custodian of the 401(k) portion of the Plan was appointed. Plan assets transferred to the new custodian were transferred into funds comparable to those offered by the previous custodian. The conversion initiated a “Black Out” period beginning August 9, 2021 and continued through September 19, 2021. During this period, funds could not be applied to the employee-selected funds with the custodian or withdrawn from the Plan until the custodian had time to accurately complete the conversion. During this period, employee contributions continued to be made through payroll deductions and the contributions were deposited and held in the money market account until the completion of the Black Out period. At the end of the Black Out period, these funds were transferred to the new custodian and invested in funds as requested by each participant.

Note 6: Plan Amendments

Effective January 1, 2020, the Plan was amended and restated, which a) increased the time period eligible participants meeting the diversification requirements could diversify from a definitive six-year period to each year after becoming eligible until separation of employment with the Company (see Note 1 for further explanation), b) allows participants who have met the diversification requirements to opt out of reallocation of Company stock held in the employer-directed investments, and c) clarifies certain other language within the Plan for administrative purposes.

As a result of the economic uncertainty created by the spread of SARS-CoV-2, the restated Plan was amended, effective May 14, 2020, to temporarily suspend all transactions involving Company stock through December 31, 2020.

Note 7: Party-in-Interest Transactions

Party-in-interest transactions include those with fiduciaries or employees of the Plan, any person who provides services to the Plan, an employer whose employees are covered by the Plan, an employee organization whose members are covered by the Plan, a person who owns 50% or more of such an employer, employee association, or relatives of such persons.

Party-in-interest transactions include the Plan’s investment in the Company’s common stock, certain mutual funds managed by American Funds, who also serves as the custodian of those funds, and certain administrative services provided by the Company at no cost to the Plan. The Plan also paid record keeping and other administrative fees to various parties in interest of \$97,742 and \$56,515 for the years ended December 31, 2021 and 2020, respectively.

The Paducah Bank & Trust Company, Inc. 401(k) and Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 2021 and 2020

Note 8: Disclosures About Fair Value of Plan Assets and Liabilities

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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of net assets available for benefits measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall on December 31, 2021 and 2020:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
December 31, 2021				
Money market funds	\$ 803,686	\$ 803,686	\$ -	\$ -
Mutual funds	31,307,089	31,307,089	-	-
Paducah Bank Shares, Inc.	22,791,425	-	-	22,791,425
	<u>\$ 54,902,200</u>	<u>\$ 32,110,775</u>	<u>\$ -</u>	<u>\$ 22,791,425</u>
December 31, 2020				
Money market funds	\$ 1,270,647	\$ 1,270,647	\$ -	\$ -
Mutual funds	28,505,812	28,505,812	-	-
Paducah Bank Shares, Inc.	21,907,628	-	-	21,907,628
	<u>\$ 51,684,087</u>	<u>\$ 29,776,459</u>	<u>\$ -</u>	<u>\$ 21,907,628</u>

The Paducah Bank & Trust Company, Inc. 401(k) and Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 2021 and 2020

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of net assets available for benefits, as well as the general classification of such assets, pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2021 or 2020. The Plan had no liabilities measured at fair value on a recurring basis. In addition, the Plan had no assets or liabilities measured at fair value on a nonrecurring basis.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Level 3 Activity

During the years ended December 31, 2021 and 2020, the Plan purchased Paducah Bank Shares, Inc. shares of \$606,840 and \$256,734, respectively. During the years ended December 31, 2021 and 2020, the Plan sold Paducah Bank Shares, Inc. shares of \$1,584,845 and \$172,059, respectively.

Note 9: Plan Termination

Although it has not expressed an intention 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 will become 100% vested in their accounts.

The Paducah Bank & Trust Company, Inc. 401(k) and Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 2021 and 2020

Note 10: Tax Status

The IRS no longer issues determination letters for individualized plans. The Plan obtained its latest determination letter on March 3, 2015, in which the IRS stated that the Plan and related trust, as then designed, were in compliance with the applicable requirements of the IRC and, therefore, not subject to tax. The Plan has been amended since receiving the determination letter. However, the Plan administrator believes the Plan and related trust are currently designed and being operated in compliance with the applicable requirements of the IRC.

Note 11: Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2021 and 2020, to Form 5500:

	2021	2020
Net assets available for benefits per the financial statements	\$ 56,059,632	\$ 52,935,582
Distribution receivable from the Company	<u>(460,280)</u>	<u>(649,644)</u>
Net assets available for benefits per Form 5500	<u><u>\$ 55,599,352</u></u>	<u><u>\$ 52,285,938</u></u>

The following is a reconciliation of the net increase in net assets available for benefits per the financial statements for the years ended December 31, 2021 and 2020, to Form 5500:

	2021	2020
Net increase in net assets available for benefits per the financial statements	\$ 3,124,050	\$ 7,206,459
Distribution receivable from the Company	(460,280)	(649,644)
Prior year distribution receivable from the Company	<u>649,644</u>	<u>285,020</u>
Net increase per Form 5500	<u><u>\$ 3,313,414</u></u>	<u><u>\$ 6,841,835</u></u>

The Paducah Bank & Trust Company, Inc. 401(k) and Employee Stock Ownership Plan

Notes to Financial Statements

December 31, 2021 and 2020

Note 12: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Valuation of Paducah Bank Shares, Inc. Common Stock

The common stock of the Company's stock, owned by the Plan, is valued at its estimated fair value as determined by an independent appraisal. The estimated fair value per share of this common stock as of December 31, 2021, was \$811. The actual fair value of this common stock can only be determined based upon an ultimate sale of the Company.

Note 13: Risks and Uncertainties

The Plan invests in various investment 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 changes in the values of investment securities will occur in the near term and that such changes could materially affect the participants' account balances and the amounts reported in the statements of net assets available for benefits.

Note 14: Subsequent Events

Subsequent events have been evaluated through August 10, 2022, which is the date the financial statements were available to be issued.

Economic uncertainty and volatility has arisen since December 31, 2021, which has resulted in a subsequent decline in the value of Plan assets. The duration of these uncertainties and volatility and the ultimate financial effects on the Plan and Plan assets cannot be reasonably estimated at this time.

Through August 10, 2022, the Company repurchased 13,271 shares of Paducah Bank Shares, Inc. common stock for \$10,801,898 to fund certain distributions and diversifications.

Supplemental Schedules

**The Paducah Bank & Trust Company, Inc.
401(k) and Employee Stock Ownership Plan**

EIN 61-0418959 PN 001

**Schedule H, Line 4a – Schedule of Delinquent Participant Contributions
Year Ended December 31, 2021**

	Total That Constitute Nonexempt Prohibited Transactions				Corrected Under VGCP and PTE 2002-51
	Participant Contributions Transferred Late to Plan	Contributions Not Corrected	Contributions	Contributions	
			Corrected Outside VFCP	Pending Correction in VFCP	
Participant contributions	\$ 10,377	\$ -	\$ 10,377	\$ -	\$ -

The Paducah Bank & Trust Company, Inc.
401(k) and Employee Stock Ownership Plan

EIN 61-0418959 PN 001

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

December 31, 2021

Identity of Issuer	Description of Investment	Cost	Current Value
Money Market			
*American Funds Money Market Fund R5	88,240 units	88,240 \$	88,240
*American Funds Us Govt Money Market R6	715,446 units	**	715,446
Mutual Funds			
*American Funds 2020 Target Date Fund R6	824 units	**	11,794
*American Funds 2025 Target Date Fund R6	54,725 units	**	884,909
*American Funds 2030 Target Date Fund R6	122,202 units	**	2,183,748
*American Funds 2035 Target Date Fund R6	114,532 units	**	2,247,115
*American Funds 2040 Target Date Fund R6	34,297 units	**	710,632
*American Funds 2045 Target Date Fund R6	32,439 units	**	692,252
*American Funds 2050 Target Date Fund R6	39,784 units	**	839,053
*American Funds 2055 Target Date Fund R6	6,054 units	**	160,967
*American Funds 2060 Target Date Fund R6	2,503 units	**	44,758
*American Funds 2065 Target Date Fund R6	327 units	**	5,513
*American Funds American Balanced R6	108,742 units	**	3,640,690
*American Funds Bond Fund Of Amer R6	42,020 units	**	562,651
*American Funds Capital World G/I R6	25,296 units	**	1,609,826
*American Funds Europacific Gr R6	28,916 units	**	1,871,742
*American Funds Fundamental Investors R6	40,152 units	**	3,049,966
*American Funds Growth Fund Of Amer R6	57,134 units	**	4,248,519
*American Funds Invmt Co Of America R6	14,897 units	**	771,348
*American Funds Washington Mutual R6	34,229 units	**	2,071,225
*American Funds AMCAP Fund R5	16,798 units	444,208	779,749
*American Funds EuroPacific Growth Fund R5	4,453 units	200,690	287,955
*American Funds New Perspective Fund R5	8,217 units	325,514	545,105
*American Funds Small Cap World Fund R5	6,239 units	282,172	523,545
*American Funds Capital World Growth and Income Fund R5	5,250 units	263,781	334,275
*American Funds Fundamental Investors R5	8,873 units	439,172	674,529
*American Funds Investment Company of America R5	12,886 units	455,551	667,372
*American Funds Capital Income Builder R5	6,716 units	385,189	471,346
*American Funds Bond Fund of America R5	20,146 units	258,842	269,752
*American Funds Capital World Bond Fund R5	3,235 units	64,787	64,471
*American Funds Intermediate Bond Fund of America R5	49,879 units	668,301	684,836
Washington Mutual Investors Fund R5	6,575 units	347,612	397,446
			32,110,775
Common stock			
*Paducah Bank Shares, Inc. common stock	14,376 shares	3,002,894	11,658,734
*Paducah Bank Shares, Inc. common stock	13,717 shares	**	11,132,691
			22,791,425
			\$ 54,902,200

* Party-in-interest

** Cost information is not required for participant-directed investments and, therefore, is not included.

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

For calendar plan year 2021 or fiscal plan year beginning		and ending	
A Name of plan	B Three-digit plan number (PN) ►		
C Plan sponsor's name as shown on line 2a of Form 5500		D Employer Identification Number (EIN)	

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		
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)		
(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)		
(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)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other.....	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities.....	1d(1)		
(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		

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness.....	1i		
j Other liabilities.....	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k		

Net Assets

l Net assets (subtract line 1k from line 1f)	1l		
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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.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)		
(B) Participants	2a(1)(B)		
(C) Others (including rollovers).....	2a(1)(C)		
(2) Noncash contributions.....	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)		
(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)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		
(2) Dividends: (A) Preferred stock.....	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		
(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)		
(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)		

		(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)		
c Other income	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)		
(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)		
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
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)		
(4) Other.....	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		
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:

(2) EIN:

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			

	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			
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			
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			
e Was this plan covered by a fidelity bond?			
4e			
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?			
4f			
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?			
4g			
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?			
4h			
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)			
4i			
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.)			
4j			
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?			
4k			
l Has the plan failed to provide any benefit when due under the plan?			
4l			
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m			
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 _____.			

