



2005

ANNUAL REPORT



A TRADITION *of*
COMMUNITY
BANKING

Description of Business

PAB Bankshares, Inc., is the bank holding company for The Park Avenue Bank, a state-chartered commercial bank founded in Valdosta, Georgia in 1956.

The Bank operates 17 banking offices and four loan production offices in Georgia and Florida.

Park Avenue is the 12th largest bank headquartered in Georgia, in terms of total in-state deposits, based on June 30, 2005 FDIC statistics. The Company's common stock is listed on the NASDAQ National Market under the symbol **PABK**.

www.pabbankshares.com



Mission Statement:

Develop lasting, quality relationships through exemplary customer service.

PROVIDE innovative, responsive service

ACHIEVE outstanding results

BENEFIT shareholders by maximizing return

Table of Contents

To Our Shareholders	3
Financial Highlights & Performance	4
The Park Avenue Bank Story	8

PAB Locations Map	11
Building Banking Relationships	12
Board of Directors	14
Shareholder Information	Inside Back Cover

To Our Shareholders



M. Burke Welsh, Jr.
President & Chief
Executive Officer

Dear Shareholder,

It is with great pleasure that I am able to report to you that your Company posted its second consecutive year of double-digit earnings and asset growth. In 2005, net income increased **46% to a record high of \$12.5 million**, and the balance sheet grew **17% to a record high of \$1.02 billion** in total assets at year-end. This success is directly attributable to a concerted effort by our entire team, from the newest employee to our most senior officer, to deliver the highest level of quality customer service and banking products available.

For the year, total loans increased \$107 million, or 16%, and total deposits increased \$158 million, or 24%. This growth, coupled with the

rising interest rate environment, enabled us to deliver diluted earnings per share of \$1.28 and a return on equity of 14.58% to our shareholders in 2005. In addition, the Board of Directors approved a 40% increase in the Company's annual dividend payout from 34 cents per share in 2004 to 47.5 cents per share in 2005.

During 2005, we continued our long-term, strategic plan for organic growth. The opening of our loan production offices in Cobb and Gwinnett counties expanded our presence in the metro-Atlanta area, while our Athens and St. Augustine loan production offices continued to increase their loan portfolios through fundamental loan growth. In the fourth quarter of 2005 Dave Gould and Bill Kane, who have a combined total of 58 years banking experience, were added to our executive management team. We believe the addition of these two executives gives us the management depth to continue our expansion in growth markets in North Georgia and Florida.

While we look forward to an optimistic future, this is a fitting year to reflect proudly on our heritage. 2006 marks The Park Avenue Bank's **50th year in operation** as a community bank. Our mission began with the vision of Mr. James L. Dewar, Sr., our founder, leader, and mentor for many years. Mr. Dewar helped to instill a sense of purpose and ethical business values that have served us well over our first half-century. Our charge as your current management team will be to live up to these high standards and to continue to build on the foundation that he established for us.

Thank you for your support in the past, and your continued support in 2006. We remain committed to growing your investment.

A handwritten signature in black ink, appearing to read "Burke Welsh, Jr.", written in a cursive style.

M. Burke Welsh, Jr.
President & Chief
Executive Officer

Financial Highlights

PAB Bankshares (Dollars in thousands)

	1999	2000	2001	2002	2003	2004	2005
TOTAL ASSETS	\$ 664,969	\$ 794,907	\$ 859,143	\$ 747,911	\$ 730,741	\$ 868,975	\$1,017,326
LOANS, NET OF ALLOWANCE	\$ 489,380	\$ 572,552	\$ 622,060	\$ 543,141	\$ 528,505	\$ 637,083	\$ 741,859
DEPOSITS	\$ 516,204	\$ 637,180	\$ 720,398	\$ 606,730	\$ 556,917	\$ 657,550	\$ 815,681
EQUITY	\$ 69,611	\$ 70,780	\$ 65,372	\$ 71,265	\$ 76,062	\$ 81,000	\$ 87,001
NET INCOME	\$ 8,693	\$ 5,726	\$ 148	\$ 6,347	\$ 7,126	\$ 8,518	\$ 12,453
NET INTEREST MARGIN	4.63%	4.52%	3.49%	3.92%	4.11%	4.28%	4.40%
DILUTED EARNINGS PER SHARE	\$ 0.89	\$ 0.60	\$ 0.02	\$ 0.67	\$ 0.74	\$ 0.88	\$ 1.28
RETURN ON AVERAGE ASSETS	1.38%	0.82%	0.02%	0.81%	0.97%	1.11%	1.31%
RETURN ON AVERAGE EQUITY	12.75%	8.10%	0.20%	9.34%	9.60%	10.71%	14.58%
EFFICIENCY RATIO (Excluding Certain Non-Recurring Items)	57.12%	60.39%	74.02%	67.04%	68.90%	63.18%	54.94%
BOOK VALUE PER SHARE	\$ 7.24	\$ 7.45	\$ 6.95	\$ 7.56	\$ 8.02	\$ 8.53	\$ 9.19

Financial Highlights *(continued)*

For the first time in Company history, we surpassed the **billion-dollar** threshold in total assets in 2005. We achieved double-digit asset growth for six consecutive quarters to reach this milestone. Total assets increased 17.1% from \$868.9 million at the end of 2004 to \$1.017 billion at the end of 2005. Our future success is dependent on our ability to effectively execute our de novo branching strategy, attract and retain good people, utilize technology and support components efficiently, and keep our focus on sales and service.

In 2005, our total loans increased \$106.8 million, or 16.5%, from \$646.1 million at December 31, 2004 to \$752.9 million at December 31, 2005. This loan growth was consistent across all of our markets, as loans in our South Georgia market increased 12.5%, loans in our North Georgia market increased 26.7% and loans in our Florida market increased 16.6%.

This loan growth, combined with our desire to limit our reliance on borrowings from other funding sources, generated the need to grow deposits. We were successful at increasing deposits in eight out of the ten counties where we had deposit branches in 2005. The total increase in deposits for 2005 was \$158.1 million, or 24.0%. We increased interest bearing demand and savings \$59.3 million, or 26.4%. Time deposits grew \$90.6 million, or 27.2%, net of a reduction in brokered deposits of \$4.8 million.

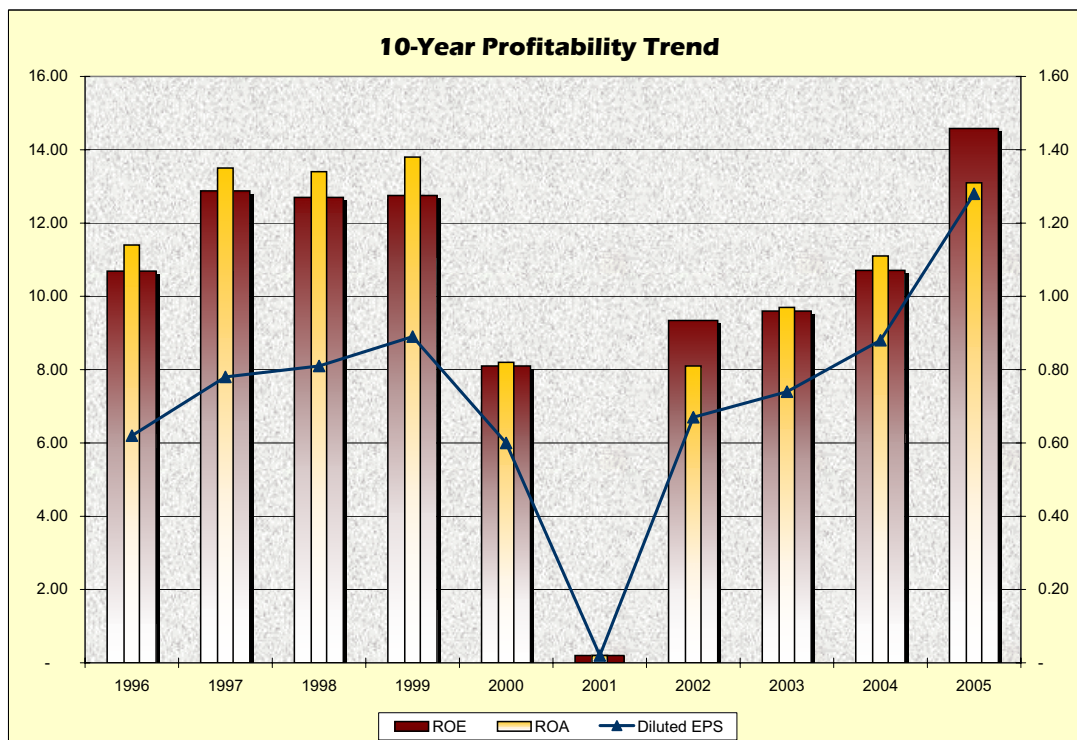
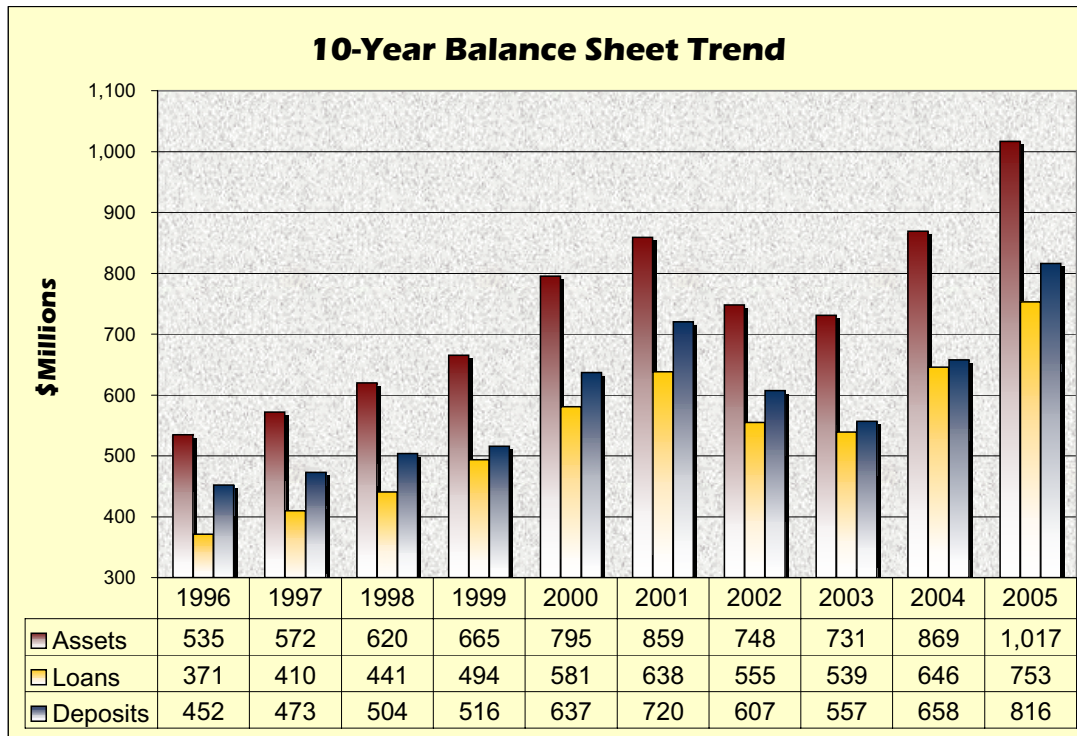
A breakdown of loans and deposits as of December 31, 2005 and 2004 and the percentage of net growth (or contraction) in 2005 for each market is provided in the table below.

Market/ County	# of Offices	Total Loans			Total Deposits		
		2005	2004	% Chg	2005	2004	% Chg
<i>(Dollars in Thousands)</i>							
South Georgia							
Lowndes	4	\$ 179,001	\$ 134,138	33.4	\$ 238,829	\$ 200,034	19.4
Cook	1	9,248	10,321	(10.4)	39,053	35,497	10.0
Decatur	3	42,650	48,697	(12.4)	92,851	96,644	(3.9)
Grady	1	12,923	13,867	(6.8)	18,511	11,231	64.8
Appling	1	24,606	29,950	(17.8)	40,544	42,979	(5.7)
Jeff Davis	1	8,138	8,453	(3.7)	39,500	35,747	10.5
Bulloch	2	45,809	40,995	11.7	61,431	57,514	6.8
		\$ 322,375	\$ 286,421	12.6	\$ 530,719	\$ 479,646	10.6
North Georgia							
Henry	2	\$ 206,467	\$ 186,628	10.6	\$ 81,804	\$ 28,311	188.9
Hall	1	80,219	75,773	5.9	23,775	11,983	98.4
Clarke	1	41,904	16,826	149.0	755	-	-
Cobb	1	25,098	-	-	3,739	-	-
Gwinnett	1	-	-	-	-	-	-
		\$ 353,688	\$ 279,227	26.7	\$ 110,073	\$ 40,294	173.2
Florida							
Marion	1	\$ 10,742	\$ 14,751	(27.2)	\$ 125,579	\$ 79,503	58.0
St. Johns	1	52,605	39,564	33.0	673	4,704	(85.7)
		\$ 63,347	\$ 54,315	16.6	\$ 126,252	\$ 84,207	49.9
Treasury							
	-	\$ 13,528	\$ 26,186	(48.3)	\$ 48,637	\$ 53,403	(8.9)
TOTAL		\$ 752,938	\$ 646,149	16.5	\$ 815,681	\$ 657,550	24.0

The Company continues to maintain a very strong **capital** position. Our capital is a sign of financial strength and stability in the banking industry, and it will allow us to grow our balance sheet at a healthy pace for years to come. The following table summarizes our consolidated regulatory capital ratios as of December 31, 2005.

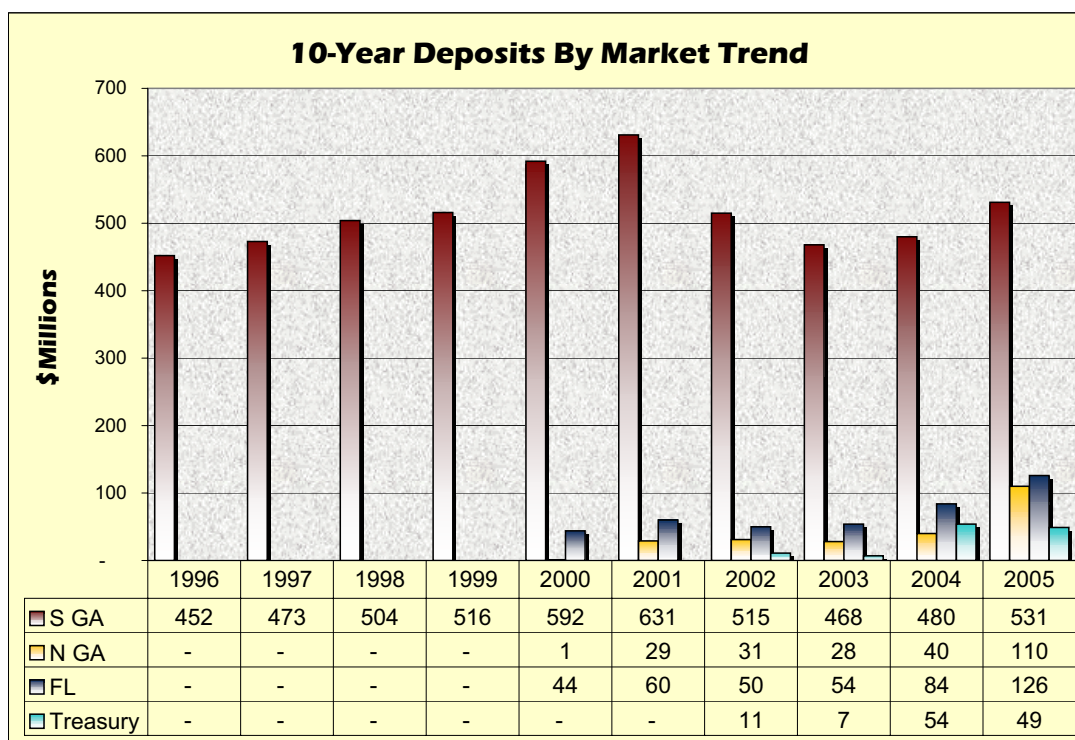
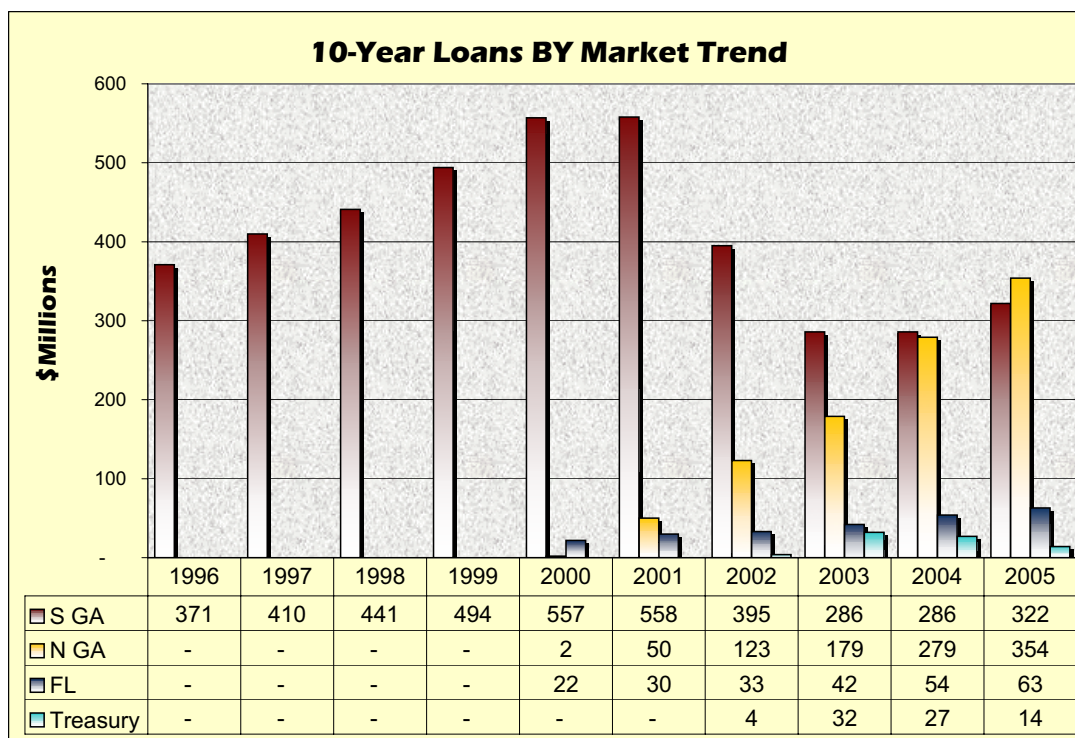
Consolidated Regulatory Capital Ratios <i>(as of December 31, 2005)</i>	Min. Regulatory Requirement	
	Actual	Requirement
Total Capital to Risk Weighted Assets	12.4%	8.0%
Tier 1 Capital to Risk Weighted Assets	11.1%	4.0%
Tier 1 Capital to Average Assets (Leverage Ratio)	9.2%	4.0%

Financial Highlights *(continued)*



"In 2005, net income increased **46% to a record high of \$12.5 million**, and the balance sheet grew

Financial Highlights *(continued)*



17% to a record high of \$1.02 billion in total assets at year end.” *M. Burke Welsh, Jr., President & Chief Executive Officer*

The Park Avenue Bank Story...

In August 1956, The Park Avenue Bank was organized as a private bank by James L. Dewar, Sr. with initial assets of \$6,020. Dewar started the bank with one simple goal, "to be known as a bank that cares about people". It is this foundation of service to its customers that has propelled The Park Avenue Bank from these humble beginnings to the **\$1 Billion Dollar, NASDAQ-listed financial institution of today.** The Park Avenue Bank now operates 17 full service branches and four loan production offices in Georgia and Florida. Discover why it does make a difference where you bank... discover Park Avenue Bank.



James L. Dewar, Sr., 1987

"I want Park Avenue Bank to be known as a bank that cares about people."
James L. Dewar, Sr., 1956

Park Avenue Bank In New Quarters
Drive-In Banking offered by new structure

New Bank Building Opens To Public

The Park Avenue Bank today opened its doors to the public in a new modern spacious building in Castle Park. The private bank planned a new building.

Date	Total Assets
August 1, 1956	6,020
November 1, 1956	15,800
November 1, 1957	57,394
November 1, 1958	69,026
November 1, 1959	80,263
November 1, 1960	97,232
November 1, 1961	99,798
November 1, 1962	74,879
November 1, 1963	83,642
November 1, 1964	118,347
November 1, 1965	118,729
November 1, 1966	123,216
November 1, 1967	392,360
November 1, 1968	1,012,609
December 2, 1968	1,171,207

are all housed in the brick and concrete structure adjacent to the post office branch in Castle Park. Dewar announced no plans for formal opening of the new bank building.

August 1972

Bank assets exceeded \$5 Million.



August 1956

Founder James L. Dewar opened The Park Avenue Bank with \$6,020 in initial assets at the corner of Park Avenue and Ashley Street in Valdosta.

March 1968

Park Ave. Bank Gets FDIC Okay

BY TIMES STAFF WRITER

The Park Avenue Bank here has received final approval for insurance of deposits by the Federal Deposit Insurance Corporation.

According to an announcement from William M. Maconey, assistant to the board of directors of FDIC, deposits are to be insured "up to the statutory limit of \$15,000 for each depositor from March 1, 1968."

The bank had received interim approval earlier this year.

The firm, the fourth incorporated bank in Valdosta, operated as a private bank from Aug. 1, 1956 until April 3, 1967, when it became an incorporated state regulated certificated bank.

The capital account of the bank has been increased to \$250,000 to meet FDIC requirements. The bank has 185 stockholders and is under control of 17-member board of directors.

Other FDIC approved incorporated banks here are the Citizens and Southern Bank, the First National Bank and the First State Bank. Other FDIC approved financial institutions here are the Valdosta Federal Savings and Loan Association and the First Federal Savings and Loan Association.

The Park Avenue Bank received final approval for insurance of deposits by the FDIC.



December 1977

The Park Avenue Bank Board of Directors
(Front Row): R. Brad Burnette, EVP; Dr. J. A. Durrenberger, Chairman; James L. Dewar, Sr., President; (Second Row): D. B. Daniels, Jessie H. Biles, Virgil V. Griner, W. G. Nunn; (Third Row): James A. Wright, Fred Scruggs, David Shapiro, R. M. Milam, Sr. (Fourth Row): W. J. Pike, Walter G. Altman, Dr. Quentin T. Lawson. (Not pictured) James L. Dewar, Jr and Robert C. Pafford

April 1967

The Park Avenue Bank began operation as an Incorporated Bank under State Regulation and Supervision.

Park Avenue Bank Is Incorporated

BY TIMES STAFF WRITER

The private Park Avenue Bank here will open for business Monday as an incorporated bank with an operating capital of \$50,000.

Announcement of the incorporation of the private bank was made today by James L. Dewar, who has owned it since it opened in August of 1956.

Dewar said the assets and liabilities of the private bank will go into the incorporated bank with an addition of \$7,000 in capital, surplus and undivided profits.

The new bank has 117 stockholders, said Dewar. All stock has been sold, he said, and several thousands of dollars in overpayments are to be refunded to stockholders.

At a meeting of the stockholders this week, it was announced the State Superintendent of Banks has approved an application to incorporate as a regulated certificated bank to operate under state supervision.

Dr. J. A. Durrenberger has been named chairman of the board of the new bank; George Fowler, vice-chairman; James L. Dewar Sr., president; L. Dewar Jr., vice president; and W. J. Pike, cashier.

Stockholders named to the board of directors include Harry Anderson, David Shapiro, Robert C. Pafford, Ralph Milam Sr., Fred Walker, Virgil Griner, W. G. Nunn, Dr. Q. T. Lawson, Marshall Castleberry, Jessie Biles, Fred Scruggs, Dr. J. A. Durrenberger, James A. Wright, George Porter, Walter Altman, Ben Daniels and James L. Dewar.

In addition to the \$50,000 in capital, the bank has a \$10,000 surplus, and \$12,500 in undivided profits. Depositors of the private bank will automatically become depositors of the incorporated bank, said Dewar.

February 1982

PAB Bankshares, Inc. was formed as the Bank Holding Company for Park Avenue Bank, with assets over \$23 Million

June 1985



1967	336,300
1968	1,047,000
1969	1,215,300
1970	2,454,400
1971	3,295,234
1972	5,343,900
1973	5,490,804
1974	7,363,967
1975	8,192,148
1976	10,147,000
1977	12,223,000
1978	15,176,000
1979	17,073,000
1980	17,664,000
1981	20,617,000
1982	23,110,000
1983	26,348,000
1984	31,054,000
1985	35,793,000

1967-1985

Park Avenue Bank
Yearly Assets

January 1986

Farmers & Merchants Bank in Adel was acquired by PAB Bankshares, Inc.



January 1995

PAB Bankshares acquired First Federal Savings Bank of Bainbridge.



August 1998

Bainbridge National Bank joined PAB Bankshares with two locations in Bainbridge.



December 1998

Eagle Bank & Trust joined PAB Bankshares with two locations in Statesboro.



November 1999

Merger was completed with Baxley Federal Savings Bank, with locations in Baxley and Hazlehurst.



January 2000

PAB Bankshares offices held ground-breaking ceremony adjacent to main office of Park Avenue Bank in Valdosta.



April 2000

PAB Bankshares administrative offices opened.



August 2000

McDonough Loan Production Office opened in August and a temporary branch opened in October of the same year. A permanent facility was opened in September 2001.

2001-2002

Subsidiary bank charters consolidated into The Park Avenue Bank charter.



June 2002

Operations Center completed in Valdosta to consolidate back-office duties and improve efficiencies.

September/October 2003

Loan Production Offices opened in St. Augustine, Florida and Athens, Georgia.



July 2004

A second full service branch opened in Henry County, in Stockbridge, Georgia.



April 2005

Opened Cobb County Loan Production Office.

November 2005

Stock listing was moved to the NASDAQ National Market under the symbol "PABK"

December 2005



Gwinnett County Loan Production Office opened.



October 2001

A full service branch opened in Oakwood, Georgia

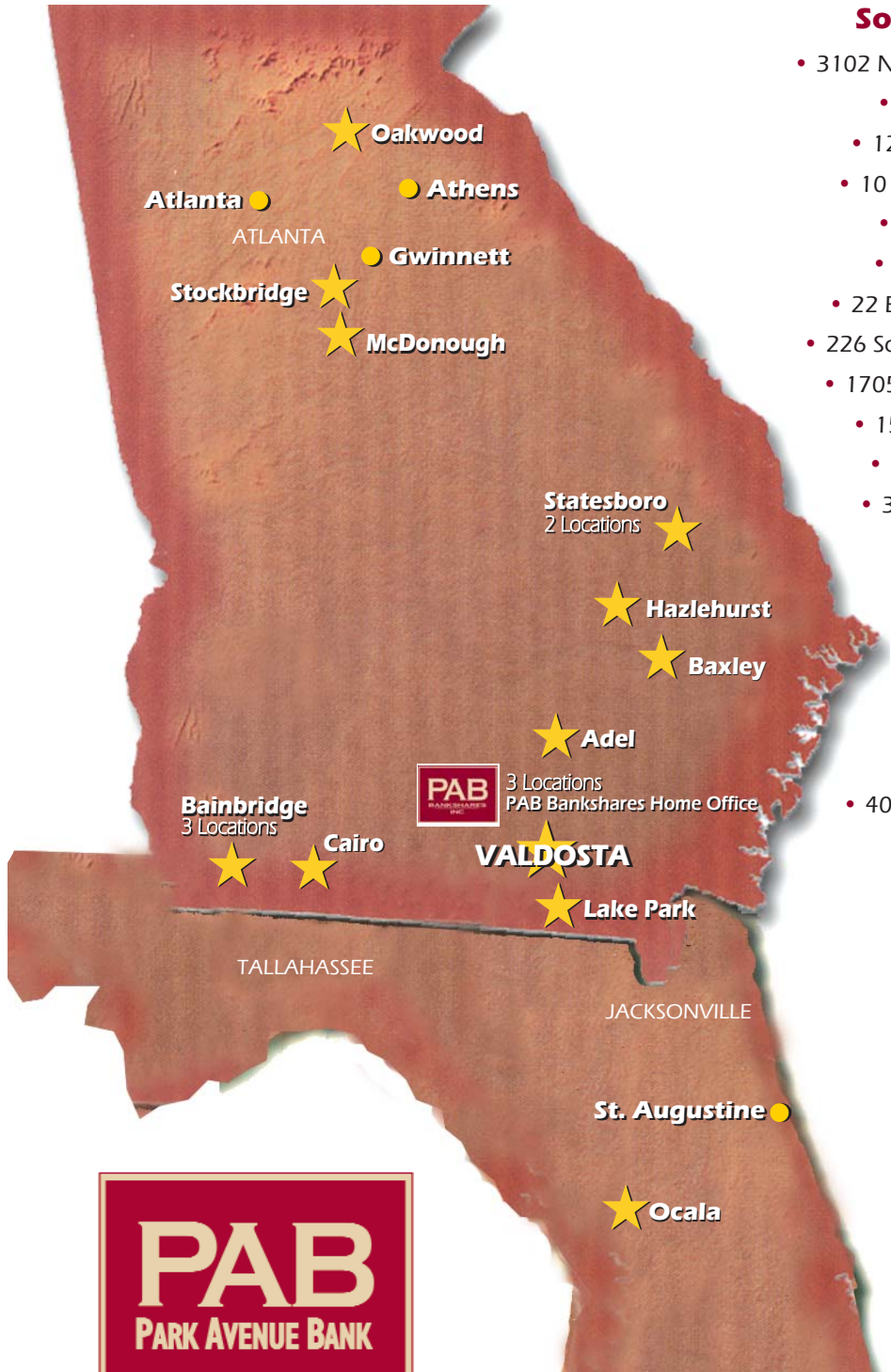


December 2005

Park Avenue Bank exceeds \$1 Billion in assets.

Park Avenue Bank Locations

(as of April 1, 2006)



South Georgia Market - Locations

- 3102 North Oak Street Ext., Valdosta, GA 31602
 - 1517 Baytree Road, Valdosta, GA 31602
 - 124 West Hill Avenue, Valdosta, GA 31601
- 1012 Lakes Boulevard, Lake Park, GA 31636
 - 301 West Fourth Street, Adel, GA 31620
 - 198 East Parker Street, Baxley, GA 31513
- 22 East Jarman Street, Hazlehurst, GA 31539
- 226 South Broad Street., Bainbridge, GA 39817
- 1705 East Shotwell St., Bainbridge, GA 39817
 - 1510 Dothan Road, Bainbridge, GA 39817
 - 802 North Broad Street, Cairo, GA 39828
 - 335 South Main St., Statesboro, GA 30458
 - 726 Northside Drive East, Statesboro, GA 30458

North Georgia Market - Locations

- 1400 Zack Hinton Parkway, McDonough, GA 30253
- 4058 Continental Dr., Oakwood, GA 30566
 - 500 Eagle's Landing Parkway, Stockbridge, GA 30281
- 385 Hawthorne Lane, Suite 100, Athens, GA 30606
 - 2255 Cumberland Parkway, Building 1100, Suite B, Atlanta, GA 30339
- 2336 Wisteria Drive, Suite 350, Snellville, GA 30078



Florida Market - Locations

- 8375 S.W. State Road #200, Ocala, FL 34481
- 3000 N. Ponce DeLeon Blvd. Suite 5, St. Augustine, FL 32084



www.parkavebank.com

Member FDIC

 Full Service Branch	 Loan Production Office
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Large Enough to Serve Your Needs, **Small** Enough to Know Your Name!

Building Banking Relationships

The Park Avenue Bank's goal is to take the effort out of business financing so our customers can spend their time and energy concentrating on the future of their business. Our loan qualifying process is **sensitive to the time issues** always present when planning on successful business growth. All across the Southeast, you'll find Park Avenue Bank at work building banking relationships with people who discovered it does make a **difference** where you go for your banking needs.

Valdosta



Henry County



Valdosta

Henry County



Henry County



Cobb County



Athens



Athens

Park Avenue Bank finances projects including expansion, new development, capital improvements, inventory growth and other business financing needs. We also assist the region's farmers with their agricultural lending needs. With the resources of a regional bank and the personal service of a community bank, the lending professionals at Park Avenue Bank help **build the future** of the communities we serve.



Bainbridge

Board of Directors



(Seated L to R): **Paul E. Parker**, Executive/Director Claxton Bakery, Inc.; **R. Bradford Burnette**, Retired Bank Executive; **James L. Dewar, Jr.**, Chairman of the Board/Real Estate Developer Dewar Properties, Inc.; **M. Burke Welsh, Jr.**, President/Chief Executive Officer PAB Bankshares, Inc.; **Douglas W. McNeill**, Real Estate Executive Case Pomeroy Properties; **F. Ferrell Scruggs, Sr.**, Retired Construction Executive

(Standing L to R): **Walter W. Carroll, II**, Real Estate Investor; **Bill J. Jones**, Retired Bank Executive; **John M. Simmons, III**, Executive/Director Elberta Crate and Box Company; **James B. Lanier, Jr.**, Consultant Forester Lanier-Brookins, Inc.; **Kennith D. McLeod**, Self-Employed Certified Public Accountant; **John E. Mansfield, Jr.**, Real Estate Investor Indigo Land Company; **Joe P. Singletary, Jr.**, Executive/Oil Jobber Sing Bros. Inc.; **Michael H. Godwin**, Real Estate Executive Ambling Companies, Inc.

Executive Officers:

M. Burke Welsh, Jr.
President,
Chief Executive Officer

R. Wesley Fuller
Executive Vice President,
Director of Operations

David H. Gould, Jr.
Executive Vice President,
South Georgia and
North Florida
Regional President

William L. Kane
Executive Vice President,
Chief Credit Officer
North Georgia
Regional President

Donald J. Torbert, Jr.
Executive Vice President,
Chief Financial Officer

Senior Management:

Teresa A. Baumann, VP, Loan Operations
J. Randy Cox, VP, Marketing
Dale E. Crowe, VP, Collections & Recovery
J. Clay Gibson, Sr. VP, Commercial Lending, St. Augustine
Suzu S. Hall, VP, Compliance
David H. Hammond, VP, Credit Administration
Laura A. Hancock, Sr. VP, A/L Management
Jeffery E. Hanson, Valdosta Market President
George D. Henderson, Hall County Market President
Al D. Hosford, Henry County Market President
L. Michelle Iturralde, VP, Internal Audit Manager
Terry G. Johnson, Sr. VP, Commercial Lending, Valdosta
Judy S. Kelly, Sr. VP, Operations

Gregory W. Kennedy, Baxley Market President
Denise G. McKenzie, Asst. VP, Corporate Secretary
Mark D. Papanicolaou, Athens Market President
T. Frank Posey, Jr., Bainbridge Market President
Judy M. Powell, Sr. VP, Operational Services, Purchasing
Jared B. Reddick, Ocala Market President
Hoke S. Reeves, III, Statesboro Market President
Gregory K. Russell, Gwinnett Market President
Nicole S. Stokes, VP, Controller
Donnee L. Upson, VP, Information Technology
Brenda D. Vickery, VP, Human Resources
Karen A. Witt, VP, Credit Administration

Shareholder Information

Corporate Office

PAB Bankshares, Inc.
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Valdosta, GA 31604-3460
(229) 241-2775
www.pabbankshares.com

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Coleman, Talley, Newbern,
Kurrie, Preston & Holland, LLP
910 N. Patterson Street
Valdosta, GA 31603-5437

Independent Certified Public Accountants

Mauldin & Jenkins, LLC
2303 Dawson Road
Albany, GA 31708-1549

Transfer Agent

Registrar and Transfer Company
10 Commerce Drive
Cranford, NJ 07016-3572
(800) 368-5948

Investor Relations

Maryellen Dampier
PAB Bankshares, Inc.
P.O. Box 3460
Valdosta, GA 31604-3460
Phone: (229) 241-2775 • Fax: (229) 241-2774
Email: ir@pabbankshares.com

Stock Listing

PAB Bankshares' common stock is traded and quoted on the NASDAQ National Market System under the symbol "**PABK**."

Web-Site

Please visit www.pabbankshares.com for additional investor relations information. For information concerning Park Avenue Bank's products, services and locations visit www.parkavebank.com.

Annual Report Form 10-K

A copy of the Company's 2005 Annual Report on Form 10-K, filed with the Securities and Exchange Commission is available on our website at no charge or upon written request to Investor Relations.

Shareholder Information

Shareholders requiring a change of name or address, information about lost certificates, or consolidation of accounts should contact the Transfer Agent.

Dividend Reinvestment Plan

PAB Bankshares offers a Dividend Reinvestment Plan for automatic reinvestment of dividends in the Common Stock of the Company. The plan allows shareholders to reinvest quarterly dividends and make cash investments in PAB stock for a minimum of \$50 per quarter and up to \$5,000 per year, with no brokerage commissions or administrative charges. For more information concerning this convenient and economical way to purchase additional Common Stock and to receive an authorization form, contact Investor Relations.

Direct Deposit

With direct deposit, stockholders can have their dividends deposited directly into their checking account or savings account. There is no cost for this service. For further information, contact Investor Relations.

Forward-Looking Statements

Certain matters set forth in this annual report are "forward-looking statements" within the meaning of the federal securities laws, including, without limitation, statements regarding our outlook on earnings, stock performance, asset quality, and projected growth, and are based upon management's beliefs as well as assumptions made based on data currently available to management. When words like "anticipate", "believe", "intend", "plan", "expect", "estimate", "could", "should", "will" and similar expressions are used, you should consider them as identifying forward-looking statements. The Company's actual results may differ materially from the anticipated or expected results expressed in these forward-looking statements, and the Company undertakes no obligation to revise these statements. Risk factors are identified in the Company's Form 10-K for the period ending December 31, 2005 filed with the Securities and Exchange Commission.

You are cordially invited to attend the

2006 Annual Shareholder's Meeting

Date & Time: May 23, 2006 at 10:00 a.m.

Location: PAB Bankshares, Inc. Boardroom
3250 North Valdosta Road, Valdosta, GA 31602



2005

ANNUAL REPORT



PAB BANKSHARES, INC.

3250 NORTH VALDOSTA ROAD
VALDOSTA, GA 31602

www.pabbankshares.com