

The logo for PAB Bankshares Inc. is a red square with a thin white border. Inside the square, the letters "PAB" are written in a large, bold, white serif font. Below "PAB", the words "BANKSHARES" and "INC" are written in a smaller, white, all-caps sans-serif font, stacked on two lines.

**PAB**  
BANKSHARES  
INC

*Branching Out*

2006 Annual Report

In Memory of Our Founder



*James L. Dewar, Sr.*

September 18, 1911 - August 19, 2006

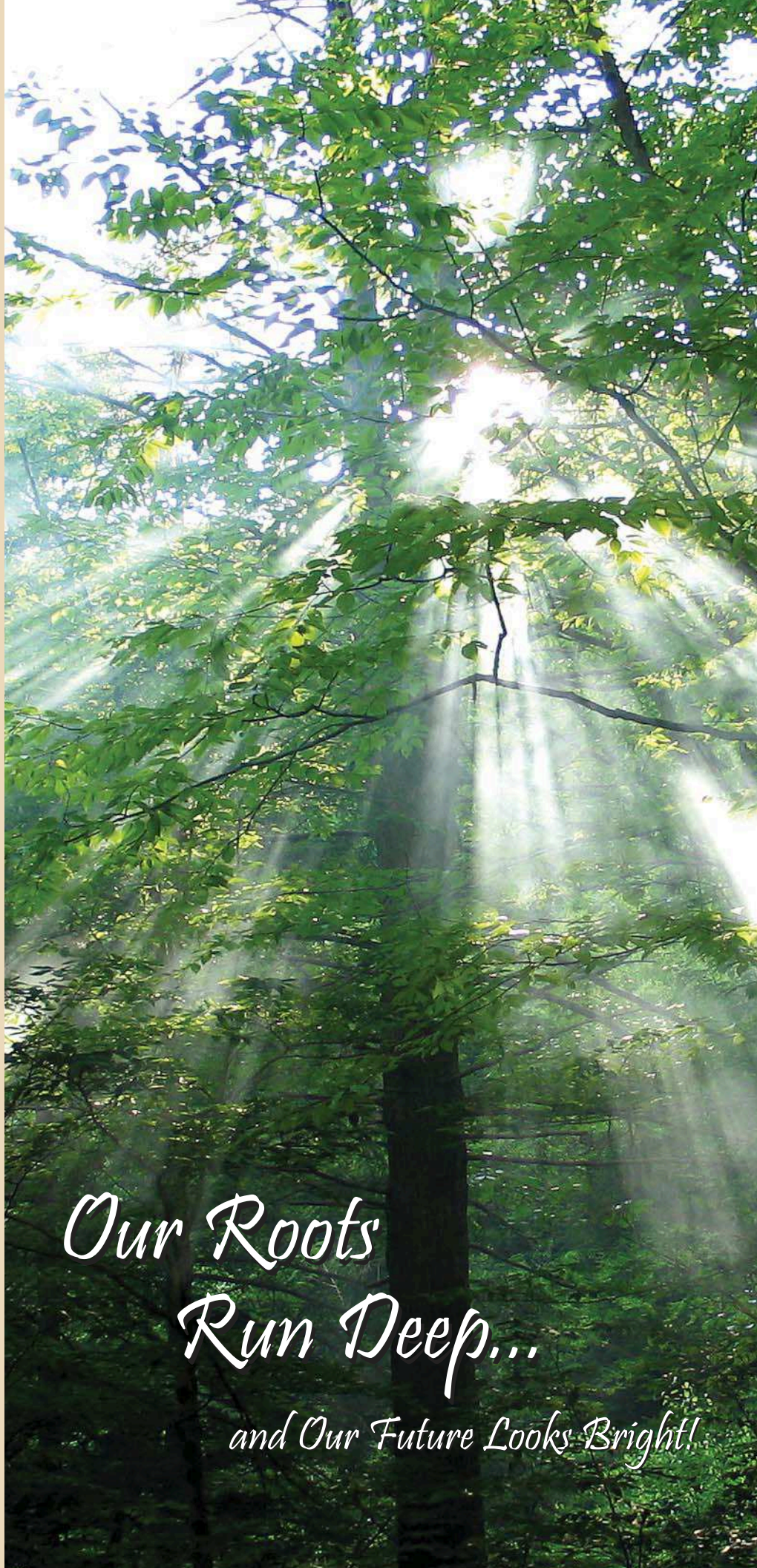
Mr. Dewar will be greatly missed at The Park Avenue Bank and throughout the community.

He was known for his leadership as an educator, financial advisor and loyal friend.

In August 1956, with only \$6,020 in initial assets, Mr. Dewar started the Bank with one simple goal,

**“to be known as a bank that cares about people.”**

From these humble beginnings the Bank has grown to now operating over 20 full service branches and three loan production offices in Georgia and Florida.



*Our Roots  
Run Deep...*

*and Our Future Looks Bright!*



*roots:*

*The embedded part of a structure; the basic core.  
To come into existence; originate. To cause  
to put out roots and grow.*

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*Mission Statement:*

*Develop lasting, quality relationships  
through exemplary customer service.*



# To Our Shareholders...

## Our highlights from 2006:

- Net income increased 10% to a record \$13.7 million.
- Shareholder dividends increased over 13% to \$5.1 million, representing approximately 37% of earnings.
- Total deposits increased 11% to \$908 million.
- Total loans increased 9% to \$820 million.
- Total assets increased 10% to \$1.12 billion.
- Full-service branches in Athens, Georgia & Jacksonville, Florida were opened.
- Construction began on a full-service branch in Snellville (Gwinnett County), Georgia, and it opened in Feb. 2007.
- We introduced a remote deposit product for the convenience of our commercial customers.

2006 was an exceptional year for PAB Bankshares and for your investment in the Company and its subsidiary, The Park Avenue Bank. In addition to the Company's solid financial performance, seeds were planted for continued growth and the future of the franchise. We selected the theme "**Branching Out**" for this year's annual report to highlight our expansion efforts and to signify our foundation and the strength and stability of our Company to support these new branches.

In 2006, we celebrated the 50th anniversary of the founding of the Bank, and we mourned the loss of our founder, Mr. James L. Dewar, Sr., who passed away in August, just before his 95th birthday. Mr. Dewar, Sr. established the foundation of providing superior customer service and maintaining strong ethics and moral values for our Company. We are honored to have the opportunity to continue to grow the legacy that he began in 1956.

At our May 2007 Annual Shareholders' Meeting, two of our experienced directors, Mr. Bill J. Jones and Mr. John M. Simmons, III, will retire from the board. We applaud them for the many years of service that they have provided to our Company. We extend our sincere appreciation for the contribution that they have made in growing your investment. We have included in the 2007 Proxy Statement the nomination of Mr. David K. Williams, president of Killearn Properties, Inc. of Georgia to the board. Mr. Williams lives and works in Henry County, Georgia, and we believe that his knowledge and experience in the residential real estate

market will provide valuable insight to our Company.

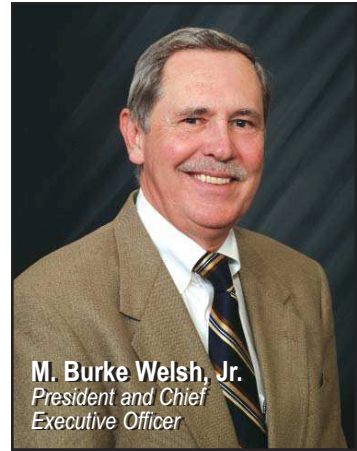
Much attention has been reported recently in the national media about the housing "bubble" and the problems with the sub-prime mortgage industry. With nearly 90% of our loan portfolio and 32% of our bond portfolio secured by real estate, we are vulnerable to a decline in real estate values. Accordingly, we spend a significant amount of resources understanding real estate trends in our markets and how they impact our customers, our communities and our organization. We believe that real estate is location-specific and several local economic and demographic factors drive real estate valuations. We are fortunate to operate in some of the most vibrant markets in the nation. However, we have seen a slowdown in residential construction activity in certain sections of both the Atlanta and Jacksonville markets. We expect that this slowdown combined with our conservative underwriting criteria will result in a slower pace of growth for the Company in 2007.

In an effort to diversify our loan portfolio, we have hired commercial lenders with experience in non-real estate secured commercial lending. As a result, our commercial loan portfolio increased nearly 31%, or \$16 million, during 2006. Further, we intend to offer SBA lending and asset-based lending product lines in 2007 and 2008, respectively.

Competition for deposits in our markets has been intense and many non-traditional financial institutions are



# Remembering *Our Roots and* Investing *in Our Future*



offering products that put pressure on our deposit base. In 2006, we added a senior officer position focused on our retail banking activities, with the further charge to grow and protect our core deposit base. We will update our product offerings to better serve our customers. In 2006, we launched a remote deposit product to allow our commercial deposits customers to make deposits from their place of business. In 2007, we will introduce a new slate of consumer and commercial deposit accounts to utilize technology and be more competitive in our metro markets. We have also upgraded and enhanced security of our online banking and bill payment services to better protect our customers' privacy.

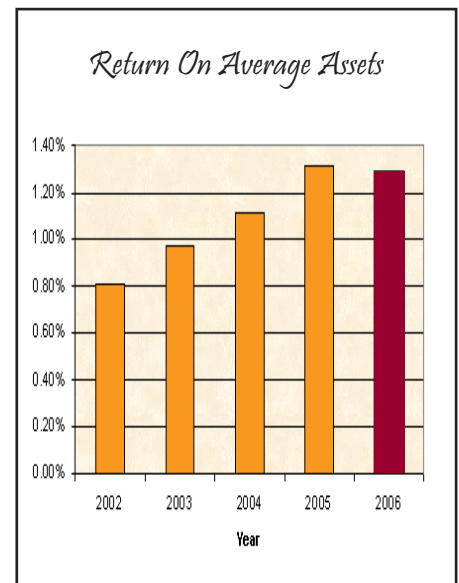
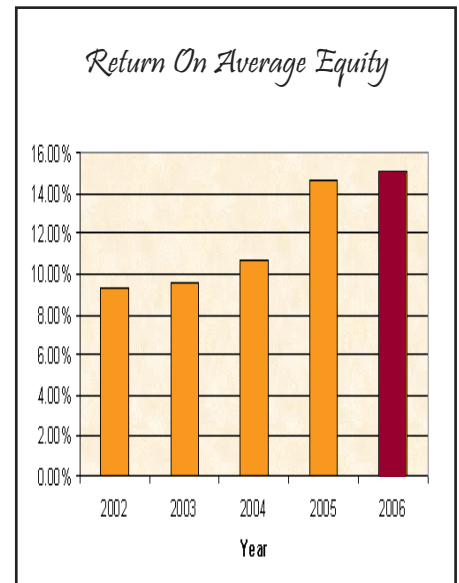
In 2006, we continued to expand into high growth markets. Our five-year plan calls for us to double our presence in Atlanta and other North Georgia markets and to build a North Florida franchise to compliment our South Georgia franchise. Our Athens, Georgia branch was opened in October with great success. We opened a full-service branch in Jacksonville, Florida in December. Thus far in 2007, we have opened a full-service branch in Snellville (Gwinnett County), Georgia and a loan production office in Cumming (Forsyth County), Georgia. Both of these locations extend our presence in the Atlanta MSA from Henry County on the southside to Gwinnett County on the eastside and Forsyth County on the northside. We will continue to add experienced bankers and grow our market share in and around these three

anchors of our Atlanta franchise and towards our branches in Athens and Oakwood (Hall County).

This leads us back to the theme of our annual report - our locations, and most importantly, **our people**. In today's banking environment, most banks offer the same basic products and market forces often dictate pricing, so it takes something special to distinguish one bank from another. We strive to set ourselves apart from other banks by the quality, experience and friendliness of our personnel. Our goal is to make every visit to The Park Avenue Bank a positive experience. We want our customers to know that we will be here when they need a bank. Our expansion makes us more convenient to our customers as they travel through Georgia and Florida. Please spend a few minutes looking over the pictures of our employees by location and especially our long-term employees highlighted for special recognition.

I invite you to join us on **May 22, 2007** in Valdosta at our 2007 Annual Shareholders' Meeting. We are committed to continuing to protect and grow your investment in PAB Bankshares. We thank you for your support and your interest in our continued success.

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



# Financial Highlights:

PAB Bankshares, Inc.



December 31,	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<i>(Dollars in thousands, except per share data)</i>										
<b>TOTAL ASSETS</b>	<b>\$1,120,804</b>	\$1,017,326	\$868,975	\$730,741	\$747,911	\$859,143	\$794,907	\$664,969	\$620,111	\$572,172
<b>LOANS, NET OF ALLOWANCE</b>	<b>\$ 809,298</b>	\$ 741,859	\$637,083	\$528,505	\$543,141	\$622,060	\$572,552	\$489,380	\$435,343	\$404,909
<b>DEPOSITS</b>	<b>\$ 908,483</b>	\$ 815,681	\$657,550	\$556,917	\$606,730	\$720,398	\$637,180	516,204	\$504,087	\$472,556
<b>EQUITY</b>	<b>\$ 95,316</b>	\$ 87,001	\$ 81,000	\$ 76,062	\$ 71,265	\$ 65,372	\$ 70,780	\$ 69,611	\$ 66,063	\$ 59,763
<b>NET INCOME</b>	<b>\$ 13,735</b>	\$ 12,453	\$ 8,518	\$ 7,126	\$ 6,347	\$ 148	\$ 5,726	\$ 8,693	\$ 7,987	\$ 7,508
<b>NET INTEREST MARGIN</b>	<b>4.43%</b>	4.40%	4.28%	4.11%	3.92%	3.49%	4.52%	4.63%	4.53%	4.37%
<b>DILUTED EARNINGS PER SHARE</b>	<b>\$ 1.41</b>	\$ 1.28	\$ 0.88	\$ 0.74	\$ 0.67	\$ 0.02	\$ 0.60	\$ 0.89	\$ 0.81	\$ 0.78
<b>RETURN ON AVERAGE ASSETS</b>	<b>1.29%</b>	1.31%	1.11%	0.97%	0.81%	0.02%	0.82%	1.38%	1.34%	1.35%
<b>RETURN ON AVERAGE EQUITY</b>	<b>14.99%</b>	14.58%	10.71%	9.60%	9.34%	0.20%	8.10%	12.75%	12.70%	12.88%
<b>EFFICIENCY RATIO</b> <i>(Excluding Certain Non-Recurring Items)</i>	<b>55.88%</b>	54.94%	63.18%	68.90%	67.04%	74.02%	60.39%	57.12%	55.06%	55.28%
<b>BOOK VALUE PER SHARE</b>	<b>\$ 10.03</b>	\$ 9.19	\$ 8.53	\$ 8.02	\$ 7.56	\$ 6.95	\$ 7.45	\$ 7.24	\$ 6.88	\$ 6.23

# Fiscal Growth

## Income

We posted our **second consecutive year of record earnings** for the Company in 2006. Our net income increased 10.3% from \$12.45 million in 2005 to \$13.74 million in 2006. The primary component of our profitability is net interest income, or the difference between the interest income earned on assets, primarily loans and investments, and interest paid on liabilities, primarily deposits and other borrowed funds. Our net interest income for 2006, on a tax equivalent basis, increased by \$5.31 million, or 13.6%, over 2005.

Interest income (on a tax equivalent basis) increased \$18.47 million, or 31.0%, and interest expense increased by \$13.16 million, or 64.5%, during 2006. The growth in interest income is the result of a \$114.6 million increase in the average balance of our earning assets and a 108 basis point improvement in the average yield on those earning assets during the year, from 6.69% in 2005 to 7.77% in 2006. The increase in interest expense is the result of a \$118.5 million increase in the average balance of our interest-bearing liabilities and a 115 basis point rise in the average rate paid on those interest-bearing liabilities from 2.72% in 2005 to 3.87% in 2006.

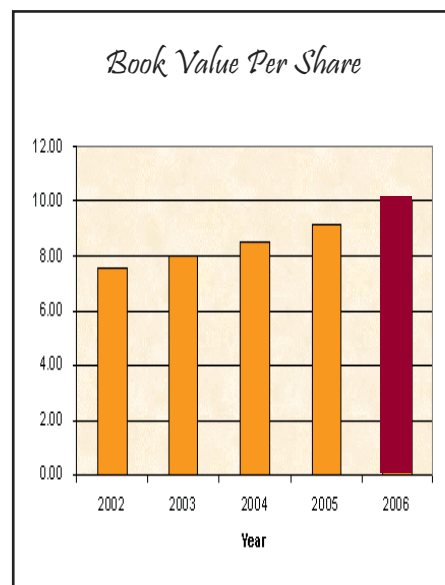
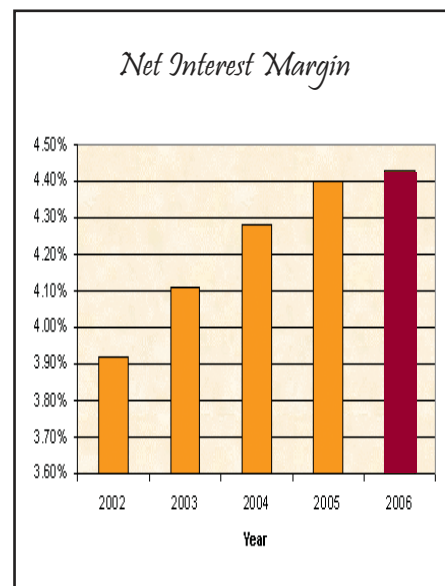
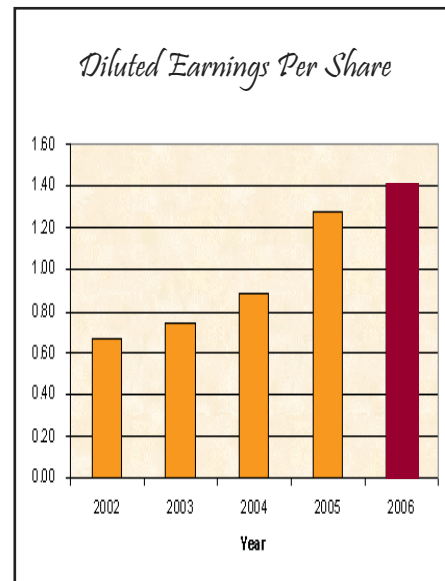
The net interest margin is net interest income expressed as a percentage of average earning assets. Our net interest margin increased from 4.40% in 2005 to 4.43% in 2006, a 3 basis point improvement. Our net interest margin in 2007 is not expected to improve considering the current inversion of the interest rate curve, narrowing spreads on our earning assets and our rising incremental cost of funds.

Our diluted earnings per share ("EPS") increased 10.2% from \$1.28 in 2005 to \$1.41 in 2006. Our return on average assets ("ROA") decreased slightly from 1.31% in 2005 to 1.29% as our average assets increased 12.5% in 2006. Our return on average equity ("ROE") improved from 14.58% in 2005 to 14.99% in 2006.

## Capital

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, 2006.

Consolidated Regulatory Capital Ratios (as of December 31, 2006)		
	Actual	Min. Regulatory Requirement
Total Capital to Risk Weighted Assets	12.3%	8.0%
Tier 1 Capital to Risk Weighted Assets	11.1%	4.0%
Tier 1 Capital to Average Assets (Leverage Ratio)	9.1%	4.0%



# Financial Highlights *(continued)*



## Loan and Deposit Growth

During 2006, total assets increased \$103.5 million, or 10.2%, from \$1.02 billion at the end of 2005 to \$1.12 billion at the end of 2006. Total loans increased \$67.4 million, or 8.9%, and total deposits increased \$92.8 million, or 11.4%, during 2006. In our South Georgia market, loans increased 6.7% due primarily to an increase in construction and development lending and deposits increased 11.5% due primarily to a successful money market program and a temporary influx of \$24.2 million of public funds deposits in December. In our North Georgia market, loans increased 13.3% due primarily to an increase in commercial lending

and commercial mortgages and deposits increased 19.8% due to CD marketing campaigns. However, total loans in our Cobb County office decreased \$15.8 million in 2006 due to the loss of a commercial lender to a competitor. In April 2007, we will close our Cobb Loan Office and those officers will be consolidated into our Henry County Office. In our Florida market, loans increased 5.2% due to an increase in commercial mortgages and deposits increased 10.3% due to CD marketing campaigns. Overall, our construction and development loans increased \$26.6 million, or 9.9%, and our commercial mortgages increased \$23.9 million, or 10.3%, during 2006. However, during the fourth quarter

Market/ County	# of Offices	Total Loans			Total Deposits		
		2006	2005	% Chg	2006	2005	% Chg
<i>(Dollars in Thousands)</i>							
<b>South Georgia</b>							
Lowndes	4	\$ 205,802	\$ 179,001	15.0	\$ 262,932	\$ 238,829	10.1
Cook	1	10,580	9,248	14.4	44,339	39,053	13.5
Decatur	3	41,585	42,650	(2.5)	114,040	92,851	22.8
Grady	1	13,717	12,923	6.1	19,048	18,511	2.9
Appling	1	22,146	24,606	(10.0)	38,482	40,544	(5.1)
Jeff Davis	1	8,125	8,138	(0.2)	45,220	39,500	14.5
Bulloch	2	41,889	45,809	(8.6)	67,621	61,431	10.1
		\$ 343,844	\$ 322,375	6.7	\$ 591,682	\$ 530,719	11.5
<b>North Georgia</b>							
Henry	2	\$ 227,085	\$ 206,467	10.0	\$ 84,287	\$ 81,804	3.0
Hall	1	92,816	80,219	15.7	34,478	23,775	45.0
Oconee	1	49,511	41,904	18.2	3,252	755	330.7
Cobb	1	9,289	25,098	(63.0)	1,401	3,739	(62.5)
Gwinnett	2	21,915	-	-	8,489	-	-
Forsyth	1	-	-	-	-	-	-
		\$ 400,616	\$ 353,688	13.3	\$ 131,907	\$ 110,073	19.8
<b>Florida</b>							
Marion	1	\$ 15,161	\$ 10,742	41.1	\$ 136,316	\$ 125,579	8.5
Duval	1	5,166	-	-	2,554	-	-
St. Johns	3	46,317	52,605	(12.0)	325	673	(51.7)
		\$ 66,644	\$ 63,347	5.2	\$ 139,195	\$ 126,252	10.3
<b>Treasury</b>							
	-	\$ 9,200	\$ 13,528	(32.0)	\$ 45,699	\$ 48,637	(6.0)
<b>TOTAL</b>							
		\$ 820,304	\$ 752,938	8.9	\$ 908,483	\$ 815,681	11.4

A breakdown of loans and deposits as of December 31, 2006 and the percentage of net growth (or contraction) in 2006 for each market is provided in the table above.

In addition to the geographic concentrations noted in the tables above, we had approximately \$70.5 million in loans secured by real estate in Florida to customers of our South Georgia, North Georgia and Treasury offices.



of 2006, we began to see a slowdown in the demand for new construction and development financing opportunities. From September 30 to December 31, 2006, our construction and development loans decreased \$1.8 million, or 0.6%.

In an effort to diversify our loan portfolio from commercial real estate (which includes construction and development lending and commercial mortgages), we increased our efforts in non-real estate secured commercial lending and in residential mortgages. Our commercial loans increased \$15.5 million, or 30.5%, during 2006. As a percentage of total loans, this segment of our portfolio increased from 6.8% at the end of 2005 to 8.1% at the end of 2006.

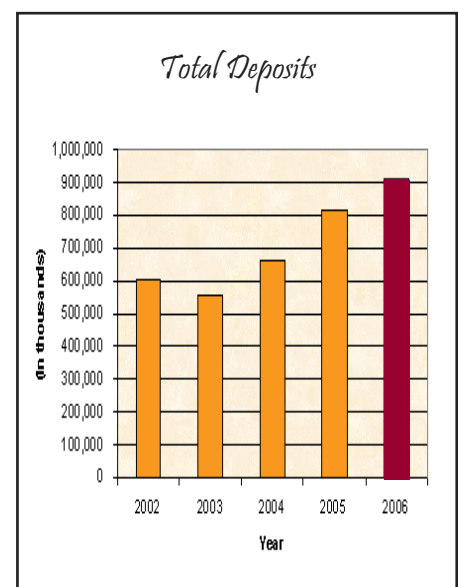
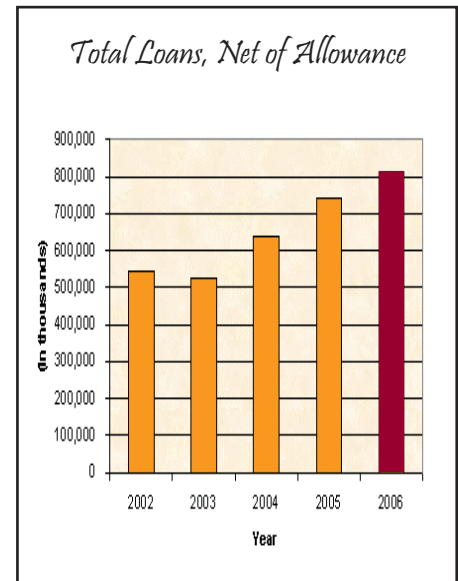
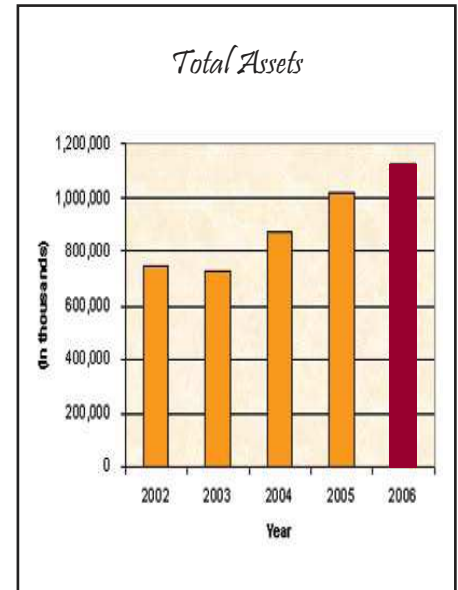
### Branch Expansion

In October 2006, we opened our newly constructed Athens branch in Oconee County, Georgia and in December 2006 we opened a full service branch in Jacksonville, Duval County, Florida. During the first quarter of 2007, we opened a full

service branch at a second location in Gwinnett County and a loan production office in Forsyth County, both located in the Atlanta MSA. We intend to continue to expand our presence in the higher growth markets in and around the Atlanta MSA and in north and central Florida.

### Asset Quality

At December 31, 2006, our allowance for loan losses represented 1.34% of total loans, compared to 1.47% at the end of 2005. The decrease in the level of the allowance is reflective of the overall condition of our asset quality. At December 31, 2006, we reported total nonperforming assets of \$5.0 million, or 0.45% of total assets, a \$2.9 million decrease compared to total nonperforming assets of \$7.9 million, or 0.78% of total assets, as of December 31, 2005. We reported \$2.3 million in loans past due more than 29 days and still accruing interest, representing 0.21% of total assets, at December 31, 2006, which is a \$1.0 million increase compared to \$1.3 million in loans past due more than 29 days and still accruing interest, representing 0.13% of total assets, as of December 31, 2005. For the year, we incurred net charge-offs of \$73,000, or 0.01% of average loans outstanding.



## Sowing for the future...

*We expect the investments that we are making in these new markets to generate profitable opportunities for The Park Avenue Bank in 2007 and beyond.*

# The Executive Team...

The strength of a management team can be measured in the experience of its executives. PAB Bankshare's Executive Team combines for nearly 140 years of banking and financial services experience. President and Chief Executive Officer, Burke Welsh, leads the team with 40 years of knowledge in building and managing bank equity and meeting the financial needs of businesses and consumers. Overseeing South Georgia and leading the new growth in Florida is Dave Gould with 33 years in banking. With 28 years experience, Bill Kane supervises our existing North Georgia locations and the planned growth in the Metro Atlanta area. Leading support services is Wesley Fuller who has more than 24 years of knowledge and expertise in banking operations and bank management. Planning strategy and watching the numbers is CFO Jay Torbert who brings 14 years of banking and financial accounting experience to the team.

**Our executive team provides a  
strong foundation for our branches to grow.**



**M. Burke Welsh, Jr.**  
*President and 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*

*team:*

*A group on the same side.  
A group organized to work  
together. To harness or join  
together so as to form a team.*

# Branching Out...

## *with Our New Locations*

At The Park Avenue Bank, developing new branch locations is an art of people and place. While location is always important, a branch would not be considered without the availability of the right people to drive its success. Since October 2006, Park Avenue has opened branches in Athens and Snellville, Georgia, and in Jacksonville, Florida and a loan production office in Cumming, Georgia. The right people, in the right place, at the right time, **servicing the right customers.**



**Front Row (L-R):** Liz Justus, Melissa Hermosillo, Michelle Simpson  
**Back Row (L-R):** Jason Moore, Jo Studdard, Steve Tippins,  
Mark Papanicolaou (*Market President*)

*Athens*



*Cumming*

**(L-R):** Dottie Williams,  
Tommy Heydet (*Market President*),  
Diane Warren





## *branch:*

*To put forth a branch or branches; spread by dividing.  
An offshoot or a division of the main portion of a structure.  
A part of a larger system. To come forth as a branch or  
subdivision; develop from, or branch out.*



## *Jacksonville*



**Front Row (L-R):** Cindy Brown, Mary Ann Manley  
**Back Row (L-R):** David O'Leary, Krystle Stalvey, Ross McWilliams (*Market President*)



## *Snellville*



**Front Row (L-R):** Tanveer Usmani, Sandy Logston, Adelaide Anderson, Shannon James  
**Back Row (L-R):** Greg Russell (*Market President*), Jackie Kurpe, Dale Earnhart, Paul Trautman

# Building A Strong Foundation...

*Valdosta/Main*



**Lenders/LOA's**  
**First Row (L-R):** Russ Collett, Kristi Delzer, Kelly Nix, Dawn Myers, Betsy Harrell  
**Second Row (L-R):** Kathy Greer, Sandy Rentz, Resa Davis, Wanda Washington, Jill Akins  
**Third Row (L-R):** Becky Briggs, Thompson Kurrie, Jud Moritz, Jeff Hanson (*Market President*)  
**Fourth Row (L-R):** Patrick Brown, Terry Johnson, Denise McKenzie

## *foundation:*

*The act of founding, especially the establishment of an institution with provisions for future maintenance. The basis on which a thing stands, is founded, or is supported. Funds for the perpetual support of an institution; an endowment.*



**Customer Service**  
**Front Row (L-R):** Linda Dumas, Karolyn Soracchi, Lil Carter, Esther Thomas  
**Middle Row (L-R):** Jennifer Rasalam, Linda Smith, Ricky Rowell, Wendy Miller, Emily Anderson  
**Top Row (L-R):** Linda Pittman, Marcie Dennard, Leanne Balanis, Caroline Upson, Brandi Evans. *Not pictured: Julie Pate, Glenda Zorn*

*Valdosta/Baytree*



**Front Row (L-R):** Becky Player, LaRae McDaniel, Dot McGee, Marva King, Linda Olson  
**Second Row (L-R):** Benji Kent, Sims Turner, Elisha Lewis, Judy Coley  
*Not pictured: Scott Stamschror and Ashley Eason*



*Valdosta/Downtown*



**(L-R):** Karine Broline, Maranyeli Amaez, Lynn Maine, Alma Thomas, Debi Gray, Latora McCrae, Jessica Barringer, Betty Watts

*Valdosta/Lake Park*



**(L-R):** Katherine Kilpatrick, Margaret Porter, Myra Keeling, Jenny Chastain, Kassi Matheny, Karla Phelps, Brenda Williams, Susan Gray, Stacy Patrick

# Building A Strong Foundation...

*Bainbridge*



**Seated (L-R):** Gail Jenkins, Glenda Cross, Linda Musgrove, Carrol Riffle, Joy Godwin, Nita Lowe  
**Second Row (L-R):** Scott Ewing, Lorenza Allen, Carla Robinson, Rhonda Harrell, Patricia McMillan, Frank Posey (*Market President*), Tammy Collins, Rhonda Poppell, Jessica Widner, Grace Anderson  
**Back Row (L-R):** Pamela O'Conner, Janet Dean, Jo Anne Sullivan, Pamela Jones, Linda King, Nancy Barton, Karon Elwell. *Not pictured: Jed Tillery*



**Westside Branch (L-R Standing):** Marilyn Toliver, Hattie King, Patricia Anderson  
**Town Center Branch (L-R Seated):** Tonya Mills, April Rich, Joanne Yawn







*Cairo*



**Top Row (L-R):** Rebecca Harrell, Aaron Parrish, Chastity Cox, Sandy Allen  
**Seated (L-R):** Amy Nelson, Kristy Sadler

*Adel*



**Front Row (L-R):** Lisa Kendrick, Marsha Dunn, Latoya Turner, Misty Dobransky, Amelia Witherspoon, Ginny Leigh Batts, Brenda Schwalls  
**Back Row (L-R):** Joan Ensley, SallyJo Mathis, Elizabeth Weeks, April Guthrie

# Building A Strong Foundation...



## Statesboro



**Front Row (L-R):** Janice Rouse, Sharon Friend, Kate Mincey, Gwen Logan, Ryan Burns, Jennifer Holladay. **Second Row (L-R):** Kathy Brack, Connie Fagler, Linda Todd, Katrina Parrish, Karli Pederson, Abby Lee, Marty Durrence.

**Third Row (L-R):** Hoke Reeves (*Market President*), Gloria Ellison, John-Clay Flanders.  
*Not pictured: Shirley Mincey, Foy Hotchkiss, Anna Noble, Jenny Stuart, Eric Hopkins, Cathy Sammons, Jeremy Nicholson, Tiffany Johnson*

## Oakwood



**Front Row (L-R):** Lisa Bailey, Deborah Morris. **Second Row (L-R):** Barbara Beardsley, Connie Wooten, Heather McMichael, Jennifer Sorrow, George Henderson (*Market President*)  
**Third Row (L-R):** Tyler Shelley, Jeff Sims, Walter Jordan, Greg Wayne

*Baxley*



**Front Row (L-R):** Ann Miller, Janice Connor, Dianne Medders, Monica Dukes, Christa Miller, Deborah Woodall  
**Back Row (L-R):** Jonathan Spell, Stephanie Hutcheson, Mary Johnson, Greg Kennedy



*Hazlehurst*



**(L-R):** Karen Varnedore, Gayle Johnston, Charlyne Munsayac (seated), Sharon Brown, Sam Williams (*Market President*), Sandra Chavis (seated), Dana Roberson, Heather Simpson, Sherry Beck

# Building A Strong Foundation...

## McDonough



**Front Row (L-R):** Mary Winkles, Judy Townsend, Karen Wells, Michelle Jones, Sandy Honeycutt, Debbie Rose, Torrie Sunstrom, Allison Gladis, Nicole Elkins, Patti Dancy  
**Second Row (L-R):** Melissa Chapman, Clarke Carter, Matt Owens, Al Hosford (*Market President*)  
*Not pictured: Rhonda Shaw, Kim Bush, Nancy Royl, Bonnie Smith*



**Mark Romzick & Price Chenault**  
 Commercial Lending



**(L-R):** Chris Floyd, Lacy Todd, Debra Little, Jenniffer Durden, Lee Spahos

## Stockbridge





*Ocala*



**Front Row (L-R):** Jared Reddick (*Market President*), Michelle Bailey, Kirk Van Meter  
**Second Row (L-R):** Liz Baize, Tammy Sickler, Nancy Miles-Cretul  
**Third Row (L-R):** Carol Page, Nellie Petree, Donna Howe, Mitzie Zion, Kathleen Peffley, Linda Sebastiano, Tabitha McCurdy

*St. Augustine*



**Clay Gibson**

**PAB Bankshares, Inc.  
 Added To ACB  
 NASDAQ Index**



On June 1, 2006, The PAB Bankshares, Inc. was added to the **America's Community Bankers NASDAQ Index** (NASDAQ:ABCQ). The index includes more than 525 community banks with a market capitalization of nearly \$220 billion. The index is the most broadly representative stock index for the community bank segment of the banking industry. A complete list of the banks included in the ACB NASDAQ Index can be found at [www.AmericasCommunityBankers.com](http://www.AmericasCommunityBankers.com).

# Operations and Support Team...

Every successful team has to have the support of people who handle the fine print, the logistics and training. At The Park Avenue Bank, we make sure that our banking staff have the experience and knowledge behind them so they have the **tools and confidence** to serve the needs of our business and retail banking customers.

## Valdosta/Operations



IT Department/Security

**Front Row (L-R):** Larry Hale, Terri Law, Phyllis Rayford, Heather Norton, Scott Cody, Scott Spinks  
**Back Row (L-R):** Robert Rambo, Greg Seckinger, Neil Jones, Chris Vaughan, David Golden, Donnee Upson. *Not pictured: Ashley Parrish*



Deposit Ops/Account Services

**(L-R):** Jane Carter, Jennifer Griffin, Leona Shoemaker, Jordan Bellar, Cathleen Washington, Sabrina Alexander, Sandra Watson, Angela Nichols, Emily Seckinger, Stacey Corbitt. *Not pictured: Cuba Parrish, Paul Coppage*



Customer & Branch Support

**First Row (L-R):** Suzan Staten, Cathy Hutchinson, Saina Braaf, Jennifer Lee, Kristy Moore, Janice Roberts, Lisa Kumpik  
**Top Row (L-R):** Teresa Becton, Carolyn Broomberg, Tracey Moore, Judy Kelly. *Not pictured: Wanda Fiveash, Michele Johnson & Kay Fletcher*

## *operation:*

*The act or process of operating or functioning. The state of being operative or functional. An instance or method of efficient, productive activity. The division of an organization that carries out the major planning and operating functions.*



**Loan Operations**

**Seated (L-R):** Tara Parry, Joyce Register, Tyann Purvis, Teresa Baumann, Rhonda Storey, Laura Bailey, Merle Porter

**Standing (L-R):** Christie Zeth, Lisa Kitchen, Sheila Scott, Rachel Sandberg, Ashley Moore, Blenda Hernandez, Becky Burleigh, Jessica Hudgins, Mary Walker

**Back Standing (L-R):** Julie Griffin, Beth Roberts, Kristie Teel, Krysti Cummings, Stacy Davis, Kristina Nelon. *Not pictured: Michelle Boutwell*

## **Bainbridge Operations**



**Internet/Credit Card/Cash Management Department:**  
**(L-R Front):** Vanessa Moore, Sue Bell, Judy Powell  
*Not pictured: Sharon Henry*



**Compliance/Internal Audit**

**Front Row (L-R):** Rebecca Bentley, Suzy Hall  
**Back Row (L-R):** Michelle Iturralde, Alison Peterman, Sandy Plumb, Katie Ward



**Collections**

**(L-R):** Dale Crowe, Don Holler, Mary Atkins, Wayne Ricks

# Operations and Support Team...



Accounting and Treasury

**Front Row (L-R):** Dot Chaney, Shana Smith, Lee Kirkland, Laura Hancock  
**Back Row (L-R):** Marsha Rackley, Stefanie Jackson, Carol Brookhouser, Nicole Stokes, Maryellen Dampier

## Retail Banking



Sandra Clark



Marketing

(L-R): Antonio Adams, Wanda Stanley, Randy Cox

(L-R): Michelle L. Bailey, Brenda Vickery, Becky Pearson, June Yeomans, Miranda Williams



Human Resources



## support:

To bear the weight of. To be capable of bearing; withstand. To furnish corroborating evidence for. To aid the cause, policy, or interests of. To argue in favor of; advocate. The act of supporting. One that supports.

## Credit Administration



(L-R): Josh Turner, Karen Witt, Carol Cummings, Michael Atkins



David Hammond



Janet Nagel



Steven Reynolds



Garna Miller



Donna Bordelon



## One of Georgia's Best...

PAB Bankshares, Inc. was ranked 13th by the Atlanta Journal Constitution in their 2006 review of **Georgia's Top 100 Public Companies**. Eligible companies are ranked by PricewaterhouseCoopers LLP based on five weighted variables for calendar year 2005 including annual revenue, year-over-year revenue change, return on equity, annual change in profit margin and total return on investment.



*A Tradition of* **Community Banking**

# Recognizing Over 20 Years Experience...



**Joan Ensley** 47 Years  
*VP, Customer Service Supervisor/Adel*



**Karon Elwell** 37 Years  
*AVP, Commercial Lender/Bainbridge*



**Joanne Sullivan** 33 Years  
*VP, Branch Manager/Bainbridge*



**Carla Robinson** 32 Years  
*AVP, Commercial Lender/Bainbridge*



**Judy Kelly** 31 Years  
*SVP, Operations/Valdosta*



**Terry Johnson** 30 Years  
*SVP, Commercial Lender/Valdosta*



**Wanda Fiveash** 29 Years  
*Account Services Supervisor/Valdosta*



**Teresa Becton** 27 Years  
*Operations Clerk/Valdosta*



**Jane Carter** 27 Years  
*AVP, Operation Services/Valdosta*



**SallyJo Mathis** 27 Years  
*VP, Customer Service Rep./Adel*



**Cuba Parrish** 27 Years  
*Proof Operator/Valdosta*



**Hattie King** 24 Years  
*Teller/Bainbridge*



**Ann Miller** 24 Years  
*VP, Branch Manager-Lender/Baxley*



**Carolyn Broomberg** 22 Years  
*IRA Specialist/Valdosta*



**Myra Keeling** 22 Years  
*Sr. Customer Service Rep./Lake Park*



**Greg Kennedy** 22 Years  
*SVP, Commercial Lender/Baxley*



**Lynne Maine** 22 Years  
*Sr. Customer Service Rep./Valdosta*



**Denise McKenzie** 22 Years  
*AVP, Commercial Lender/Valdosta*



**Brenda Schwalls** 22 Years  
*VP, Branch Manager-Lender/Adel*



**Clay Gibson** 21 Years  
*SVP, Commercial Lender/St. Augustine*



**Janice Roberts** 21 Years  
*Account Services Clerk/Valdosta*



**Janice Connor** 20 Years  
*Head Teller/Baxley*



**Suzy Hall** 20 Years  
*VP, Compliance/Valdosta*



**Dianne Medders** 20 Years  
*AVP, Sr. Loan Officer Asst./Baxley*

# Projects Financed...

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 Georgia and Florida, you'll find The Park Avenue Bank at work **building banking relationships** with people who discovered it does make a difference where you go for your banking needs.

## Henry County



*Valdosta*

Comfort Inn



Wooden Nickel Pub



Grove Pointe Subdivision



Walgreens

Holiday Inn



Blanton and Griffin Insurance

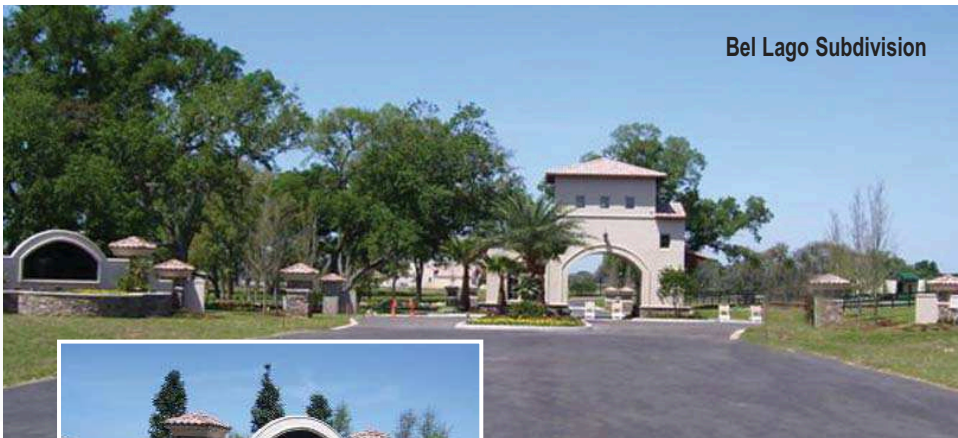
# Projects Financed...



The Park Avenue Bank finances projects including expansion, new development, capital improvements, inventory growth and other business financing needs. We also assist some of 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 The Park Avenue Bank help **build the future** of the communities we serve.



*Bainbridge*



*Ocala*



Hidden Oaks Farms



Georgia Southern Golf Practice Facility Clubhouse

*Statesboro*



Towncenter Forum Musa, LLC.

*Jacksonville*

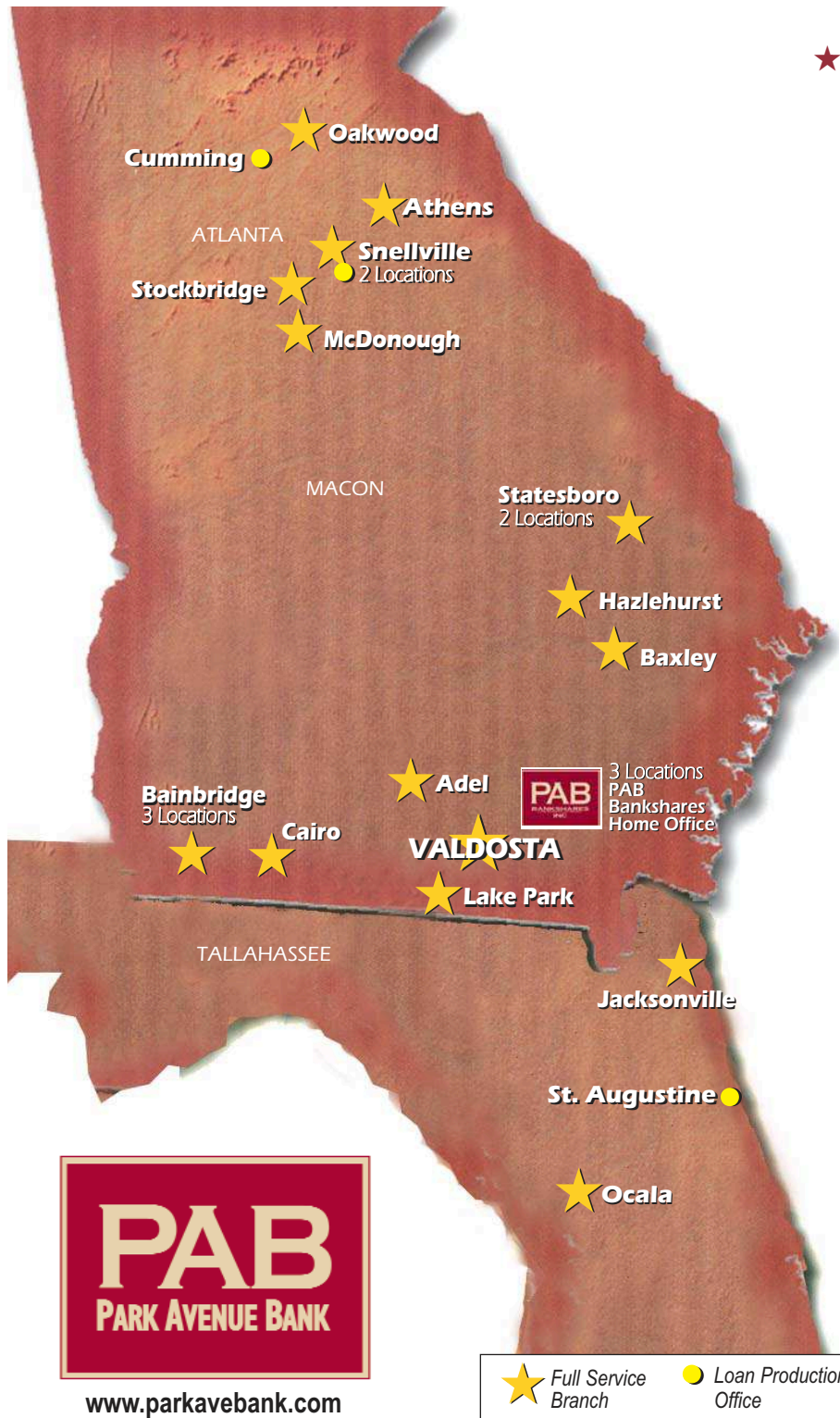


Bill Holt Ford Dealership

*Oakwood*

# Park Avenue Bank Locations...

(as of April 2007)



## North Georgia Market - Locations

- ★ 1400 Zack Hinton Parkway, McDonough, GA 30253
- ★ 4058 Continental Drive, Oakwood, GA 30566
- ★ 500 Eagle's Landing Parkway, Stockbridge, GA 30281
- ★ 1037 Parkway Blvd., Athens, GA 30606
- ★ 2220 Wisteria Drive, Suite 102, Snellville, GA 30078
- 2336 Wisteria Drive, Suite 350, Snellville, GA 30078
- 327 Dahlonega St., Suite 602A Cumming, GA 30040

## 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 Dr. E., Statesboro, GA 30458

## Florida Market - Locations

- ★ 8375 S.W. State Road #200, Ocala, FL 34481
- ★ 13901 Sutton Park Drive South, Jacksonville, FL 32224
- 3000 N. Ponce DeLeon Blvd. Ste. 5, St. Augustine, FL 32084



[www.parkavebank.com](http://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!



# 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, PAB Bankshares, Inc./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, Carroll Investment Group, LLC; Bill J. Jones, Retired Bank Executive; John M. Simmons, III, Executive/Director, Elberta Crate and Box Company; James B. Lanier, Jr., Forester/Real Estate Appraiser, Lanier-Brookins, Inc.; Kenneth 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**  
**Sandra G. Clark, Sr. VP, Retail Market Manager**  
**J. Randy Cox, VP, Marketing**  
**Dale E. Crowe, VP, Collections & Recovery**  
**J. Clay Gibson, Sr. VP, Commercial Lending, St. Augustine**  
**Suzy 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**  
**Thomas R. Heydet, Forsyth County Market President**  
**Al D. Hosford, Henry County Market President**  
**L. Michelle Iturralde, VP, Internal Audit Manager**

**Judy S. Kelly, Sr. VP, Operations**  
**G. Ross McWilliams, Jacksonville Market President**  
**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, Sr. VP, Human Resources**  
**C. Sam Williams, Baxley Market President**  
**Karen A. Witt, VP, Credit Administration**

# Shareholder Information...

## Corporate Office

PAB Bankshares, Inc.  
3250 North Valdosta Road / P.O. Box 3460  
Valdosta, GA 31604-3460  
(229) 241-2775  
[www.pabbankshares.com](http://www.pabbankshares.com)  
Denise G. McKenzie, *Corporate Secretary*

## General Counsel

Thompson Kurrie, Jr., Attorney At Law  
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  
[www.rtc.com](http://www.rtc.com)

## 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](mailto:ir@pabbankshares.com)

## Stock Listing

PAB Bankshares' Common Stock is traded and quoted on the NASDAQ Global Select Market under the symbol "PABK."

## Web-Sites

Please visit [www.pabbankshares.com](http://www.pabbankshares.com) for additional investor relations information. For information concerning The Park Avenue Bank's products and services, locations and other materials relating to the Bank, visit [www.parkavebank.com](http://www.parkavebank.com).

## Annual Report on Form 10-K and Proxy Statement

Copies of the Company's 2006 Annual Report on Form 10-K, and 2007 Proxy Statement, as filed with the Securities and Exchange Commission, are 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 or Investor Relations.

## 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 month and up to \$6,000 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 the Transfer Agent or Investor Relations.

## Direct Deposit

With direct deposit, stockholders can have dividends deposited directly into a checking account or savings account. There is no cost for this service. For further information, contact the Transfer Agent or 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, 2006 filed with the Securities and Exchange Commission.

You are cordially invited to attend the  
**2007 Annual Shareholders' Meeting**



**Date & Time:** May 22, 2007 at 10:00 a.m.

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

# *The Park Avenue Bank*

*is headed down the right path....*

**We will continue to  
expand to help serve our  
customers' financial  
needs for the future.**



[www.parkavebank.com](http://www.parkavebank.com)

Member FDIC

*2006*  
ANNUAL REPORT