

*B*uilding **BANKING RELATIONSHIPS...**



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Description of **BUSINESS**

PAB Bankshares, Inc. is the bank holding company for **The Park Avenue Bank**, a \$1.2 billion state-chartered commercial bank headquartered in Valdosta, Georgia. Founded in 1956, the Bank currently operates in 20 branch offices and three loan production offices in 15 counties in Georgia and Florida. Additional information on the Bank's locations and the products and services offered by the Bank is available on the Internet at www.parkavebank.com. The Company's common stock is listed on the NASDAQ Global Select Market under the symbol **PABK**. More information on the Company is available on the Internet at www.pabbankshares.com.

Mission Statement: Develop lasting, quality relationships through exemplary customer service.



ur customers are **IMPORTANT**

Our company's success is dependent upon the service and benefit we provide to those we serve...**our customers**. Our customers have provided a foundation that has helped us grow from \$6,000 in assets in 1956 to \$1.2 billion today. It is with great

appreciation that we dedicate this year's Annual Report to our customers. We have included some of their comments on why they find value in their financial relationships with The Park Avenue Bank.

“ Park Avenue Bank gives me that extra personal attention that lets me know I have one less thing to worry about in running my business. Park Avenue takes the time to find out what your business needs, and then offers solutions that help.”

Mike Conder
Real Estate

*PAB Customer,
Mike Conder with
Frank Posey,
Bainbridge Market
President.*




To our **SHAREHOLDERS**

What a difference a year makes! One year ago, I had the pleasure to report a second consecutive year of record earnings for your Company. This year, I have the unenviable task of reporting a decline in earnings, in addition to an increase in nonperforming assets on our balance sheet. I want you to know that our results, as highlighted in the charts and tables within this Annual Report, are more reflective of our operating environment than our effort. We have rolled up our sleeves, and we are working hard

to mitigate our risks and preserve our capital through what has turned into an extremely difficult credit cycle. I can report to you that we are making progress in our efforts, but we are not through the cycle. Rest assured that we are still pursuing new business opportunities in all of our markets. We cannot afford to let these credit problems distract us from our day-to-day business initiatives of servicing and increasing our client base.

As I reflect on the events of the past year in preparation of this



“The customer service that you get from the tellers all the way to the management is just great. In the 20 years I have been banking with Park Avenue, I’ve never had a reason to look for any other bank.”

Clay Griner, Griner Chevrolet

"2007 was the most unusual and challenging year that I have experienced in four decades of banking."



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

letter, I realized that despite our current problems, we have much to look forward to in 2008 and beyond. **Our employees and our customer relationships are the foundation of our organization.** We have included in this Annual Report, testimonies of a select few of these valued relationships.

2007 was the most unusual and challenging year that I have experienced in four decades of banking. We entered the year with significant momentum from 2006. At the time, we used the term "cautious optimism" in our outlook for 2007. We had already begun to see signs of a slowdown in residential real estate activity in several of our markets. We adjusted our budget expectations for 2007 and we began to tighten our credit terms. Unfortunately, I don't believe anyone could have prepared for the pace or the magnitude of the deterioration in real estate values or the disruptions in the capital markets related to sub-prime mortgages that occurred in the second half of 2007. These conditions have caused significant hardships for even the strongest of our residential builders and developers. We expect these headwinds to continue to create

a most difficult operating environment for us in 2008.

Despite the challenges, we believe that we are well positioned to deliver long-term value on your investment in our Company. We have a strong balance sheet; our Bank is well capitalized; we have a loyal, core deposit base; we have maintained a conservative loan underwriting philosophy; and we have experienced, local bankers positioned in some of the most viable markets in the south-eastern United States. Atlanta and Jacksonville are large, growing markets ripe with small businesses that need bankers with our resources and a community banking philosophy. Although they are smaller markets, Valdosta, Bainbridge and our other South Georgia communities are growing and have had more stable local economies. In Athens, Oakwood and Ocala, our presence is small, but there is tremendous growth potential for us.

I invite you to join us in Valdosta on May 20, 2008 for our 2008 Annual Shareholders' Meeting. The Board of Directors has nominated all five directors of the 2008 class for re-election and has recommended the addition of

a 14th director with the nomination of Mr. James W. Godbee, Jr. Jim is a certified public accountant in Valdosta, and he has served on our local community advisory board since 2000. We believe that his accounting and business experience and his active community involvement will be a valuable asset on our Board for many years. Also of note on this year's proxy ballot, the Board has recommended an amendment to our Articles of Incorporation that eliminates the necessity of supermajority voting for certain actions. We believe that this amendment is a corporate governance best practice and we encourage you to vote in favor of this proposal.

Thank you for your support of our Company and your interest in our continued success.

A handwritten signature in black ink, appearing to read "Burke Welsh". The signature is fluid and cursive.

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



Financial HIGHLIGHTS

December 31,	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
<i>(Dollars in thousands, except per share data)</i>										
TOTAL ASSETS	\$1,198,671	\$1,120,804	\$1,017,326	\$868,975	\$730,741	\$747,911	\$859,143	\$794,907	\$664,969	\$620,111
LOANS, NET OF ALLOWANCE	\$ 908,443	\$ 809,298	\$ 741,859	\$637,083	\$528,505	\$543,141	\$622,060	\$572,552	\$489,380	\$435,343
DEPOSITS	\$ 980,149	\$ 908,483	\$ 815,681	\$657,550	\$556,917	\$606,730	\$720,398	\$637,180	516,204	\$504,087
EQUITY	\$ 97,676	\$ 95,316	\$ 87,001	\$ 81,000	\$ 76,062	\$ 71,265	\$ 65,372	\$ 70,780	\$ 69,611	\$ 66,063
NET INCOME	\$ 10,786	\$ 13,735	\$ 12,453	\$ 8,518	\$ 7,126	\$ 6,347	\$ 148	\$ 5,726	\$ 8,693	\$ 7,987
NET INTEREST MARGIN	3.93%	4.43%	4.40%	4.28%	4.11%	3.92%	3.49%	4.52%	4.63%	4.53%
DILUTED EARNINGS PER SHARE	\$ 1.13	\$ 1.41	\$ 1.28	\$ 0.88	\$ 0.74	\$ 0.67	\$ 0.02	\$ 0.60	\$ 0.89	\$ 0.81
RETURN ON AVERAGE ASSETS (ROA)	0.93%	1.29%	1.31%	1.11%	0.97%	0.81%	0.02%	0.82%	1.38%	1.34%
RETURN ON AVERAGE EQUITY (ROE)	11.00%	14.99%	14.58%	10.71%	9.60%	9.34%	0.20%	8.10%	12.75%	12.70%
EFFICIENCY RATIO <i>(Excluding Certain Non-Recurring Items)</i>	60.74%	55.88%	54.94%	63.18%	68.90%	67.04%	74.02%	60.39%	57.12%	55.06%
BOOK VALUE PER SHARE	\$ 10.59	\$ 10.03	\$ 9.19	\$ 8.53	\$ 8.02	\$ 7.56	\$ 6.95	\$ 7.45	\$ 7.24	\$ 6.88

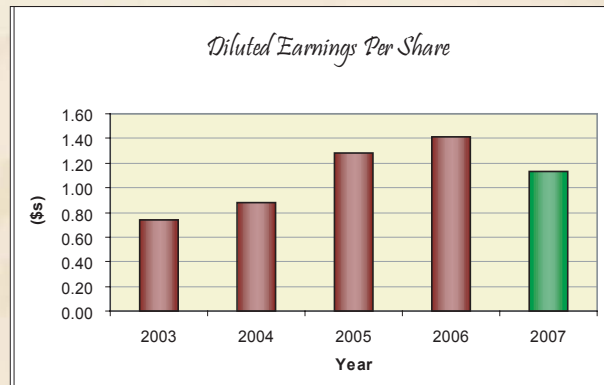
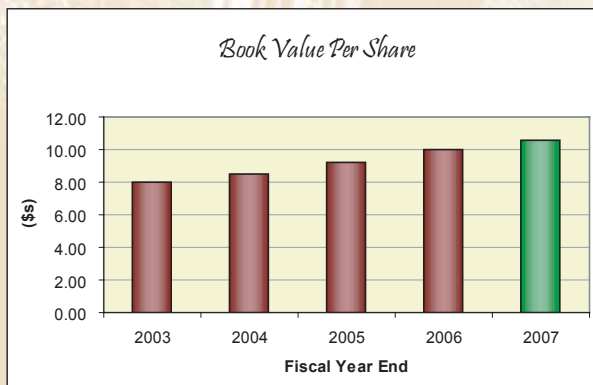
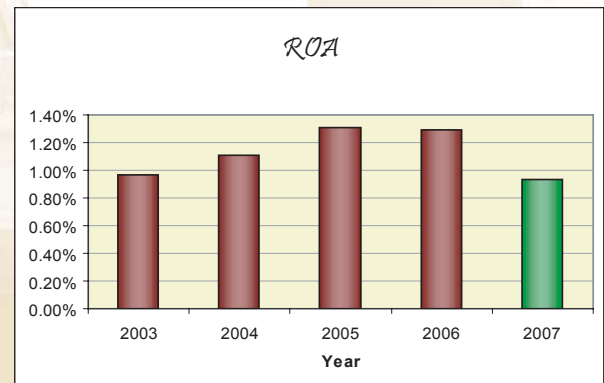
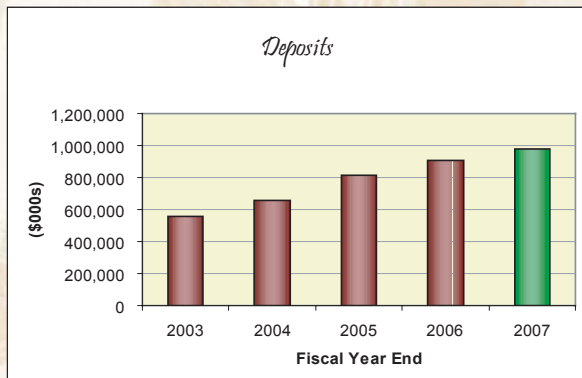
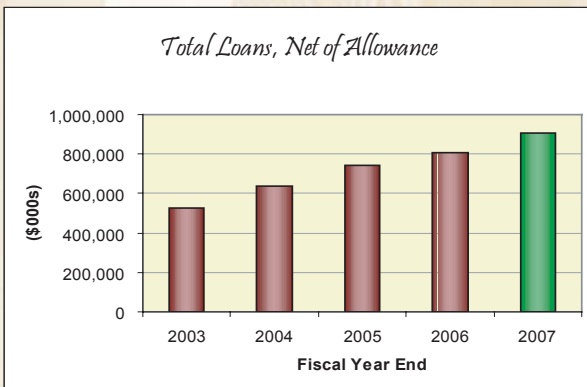
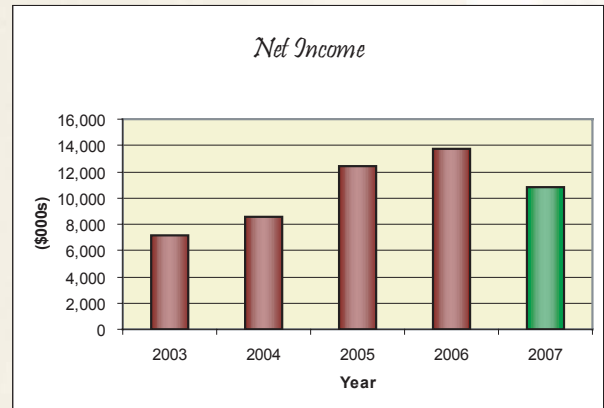
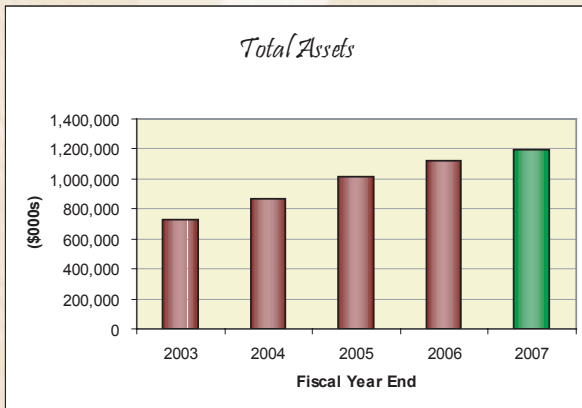
Did you know...PAB is the 14th largest bank holding company headquartered in Georgia in terms of total assets.



“ Park Avenue Bank is so easy to deal with and they are always there to offer solutions whenever you call upon them. They have been dependable and are what you are looking for in customer service. They take care of the small business owner and never forgot about you. ”

Justin Phillips
Metro Metal Works

Financial HIGHLIGHTS





“Banking with The Park Avenue Bank is a family tradition that began with my father when he started Astro Exterminating in 1969. For almost 40 years Park Avenue Bank has provided the best in customer service, and they continue to meet the needs of our business today.”

Laura Pearlman
Astro Exterminating Services

Financial HIGHLIGHTS

Consolidated Regulatory Capital Ratios (as of December 31, 2007)	Actual	Min. Regulatory Requirement
Total Capital to Risk Weighted Assets	11.3%	8.0%
Tier 1 Capital to Risk Weighted Assets	10.0%	4.0%
Tier 1 Capital to Average Assets (Leverage Ratio)	8.5%	4.0%

A breakdown of loans and deposits as of December 31, 2007 and 2006 and the percentage of net growth (or contraction) in 2007 for each market is provided in the table below.

Market/ County	# of Offices	2007	Total Loans 2006	% Chg	2007	Total Deposits 2006	% Chg
<i>(Dollars in Thousands)</i>							
South Georgia							
Lowndes	4	\$ 224,413	\$ 205,802	9.0	\$ 269,567	\$ 262,932	2.5
Cook	1	11,181	10,580	5.7	47,416	44,339	6.9
Decatur	3	46,510	41,585	11.8	119,084	114,040	4.4
Grady	1	12,501	13,717	(8.9)	22,447	19,048	17.8
Appling	1	19,609	22,146	(11.5)	37,708	38,482	(2.0)
Jeff Davis	1	10,185	8,125	25.4	49,209	45,220	8.8
Bulloch	2	44,711	41,889	6.7	59,639	67,621	(11.8)
		\$ 369,110	\$ 343,844	7.3	\$ 605,070	\$ 591,682	2.3
North Georgia							
Henry	2	\$ 254,298	\$ 227,085	12.0	\$ 96,013	\$ 84,287	13.9
Hall	1	84,284	92,816	(9.2)	29,520	34,478	(14.4)
Oconee	1	56,200	49,511	13.5	12,933	3,252	297.7
Cobb	-	-	9,289	(100.0)	-	1,401	(100.0)
Gwinnett	2	16,887	21,915	(22.9)	19,730	8,489	132.4
Forsyth	1	27,098	-	-	1,527	-	-
		\$ 438,767	\$ 400,616	9.5	\$ 159,723	\$ 131,907	21.1
Florida							
Marion	1	\$ 28,776	\$ 15,161	89.8	\$ 159,603	\$ 136,316	17.1
Duval	1	18,231	5,166	252.9	13,540	2,554	430.1
St. Johns	1	50,610	46,317	9.3	344	325	5.8
		\$ 97,617	\$ 66,644	46.5	\$ 173,487	\$ 139,195	24.6
Treasury							
	-	\$ 15,855	\$ 9,200	72.3	\$ 41,869	\$ 45,699	(8.4)
TOTAL							
		\$ 921,349	\$ 820,304	12.3	\$ 980,149	\$ 908,483	7.9

In addition to the geographic concentrations noted in the tables above, we had approximately \$80.4 million in loans secured by real estate in Florida to customers of our South Georgia, North Georgia and Treasury offices.

“ You're greeted by your name and your needs are met. What a great place to do your banking business. ”

Tom Call
Coldwell Banker



**COLDWELL
BANKER** 

PREMIER REAL ESTATE

(229) 244-3535
coldwellbanker.com

Each Office is Independently Owned And Operated.



ne of Georgia's **BEST**



PAB Bankshares, Inc. was ranked as one of **Georgia's Top 100 Public Companies** by the Atlanta Journal Constitution in their 2007 review.

Eligible companies are ranked by PricewaterhouseCoopers LLP based on five weighted variables for calendar year 2006 including annual revenue, year-over-year revenue change, return on equity, annual change in profit margin and total return on investment.

“Park Avenue Bank offers a wide variety of financial products that work well with our family businesses. Whether it’s loans for the farming operation, tractor and equipment dealership, or savings accounts for our children. Park Avenue Bank serves all of our financial needs.”

John Bridges, Jr.
Farmer/Equipment Dealer

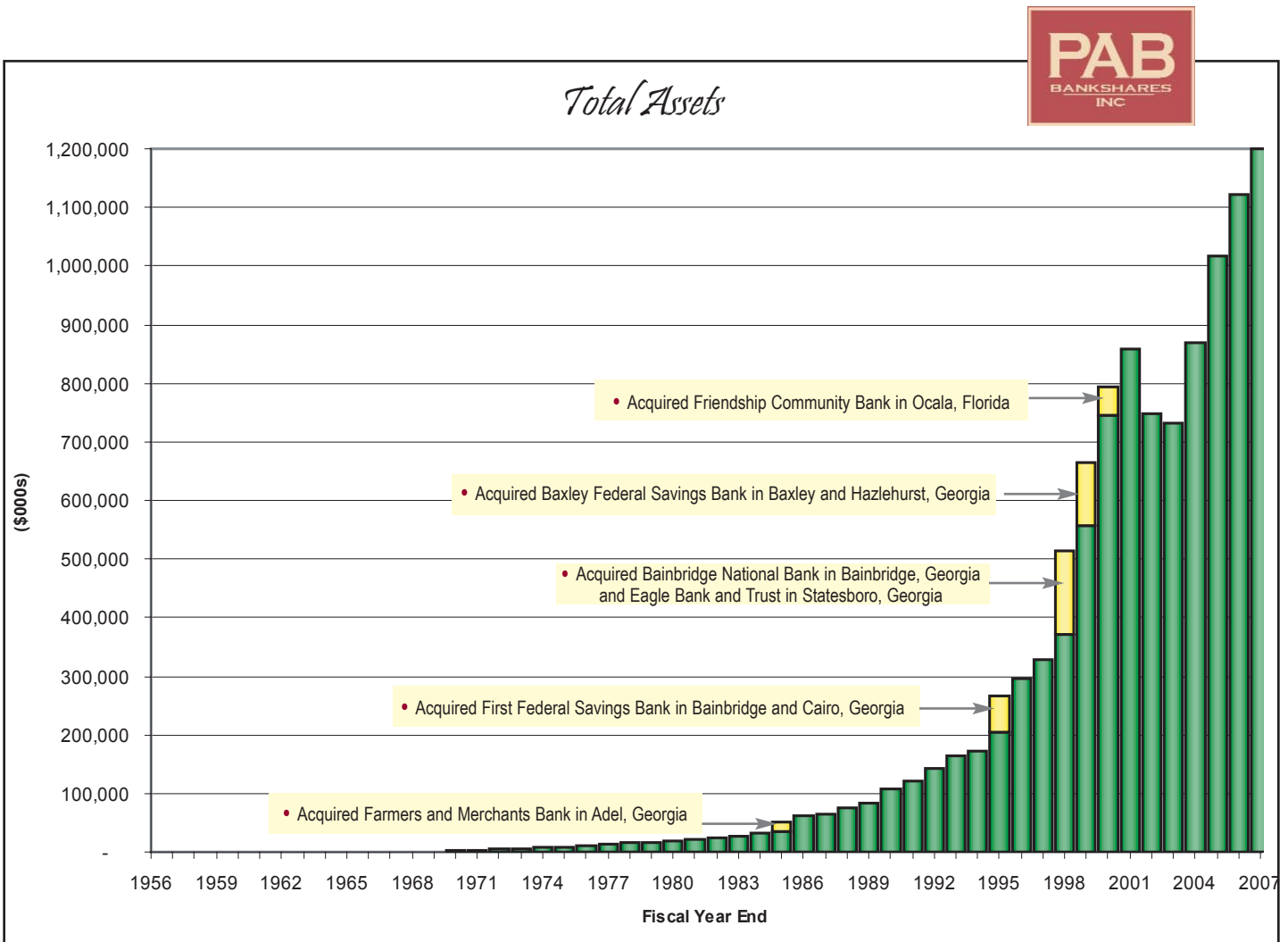




“I do my banking primarily at Park Avenue simply because of the customer service. I find that it’s superior and it’s just a pleasure when I come into the bank...the service...the quality...top notch!”

Debra Tann
Genesis Christian School

The Park Avenue Bank was founded in 1956 as a private bank in Valdosta, Georgia. In 1967, the bank was reorganized as a regulated, certificated state bank, and it became a state-chartered, commercial bank in 1971. In 1982, PAB Bankshares, Inc. was formed as the bank holding company for The Park Avenue Bank. In 1996, PAB Bankshares, Inc. was listed on the American Stock Exchange with the symbol "PAB." In 2005, the company's stock began trading on the NASDAQ Global Select Market with the symbol "PABK."



In addition to the acquisitions shown above, the Bank entered the Atlanta MSA in 2000 with a branch in McDonough, Georgia and the Gainesville MSA with a branch in Oakwood, Georgia in 2001. The growth continued with the opening of loan production offices in the Athens, Georgia MSA and the St. Augustine, Florida MSA in 2003. During 2006, the loan production office in Athens was converted into a full service branch and a new branch was opened in the Jacksonville, Florida MSA. In early 2007, a new branch was opened in Snellville, Georgia and a loan production office was opened in Cumming, Georgia.



“ With a multi-state production and distribution business, it was difficult finding a bank that could understand and meet our complex needs. PAB’s remote deposit service coupled with their experienced credit staff allowed us to find exactly what was required from our banking partner. ”

Jose & Javier Reyes
Tortilleria El Maizal

P rojects FINANCED

Our Bank's ability to finance a project is not limited by boundaries or borders on a map, and economic growth can vary from one community to the next. That is why our commercial loan officers go wherever our customers need them to go. Our bankers provide a personal touch that ensures each plan or project is evaluated on its own merits, and then they work with our customers to ensure adequate funding for their

business needs. **With the resources of a regional bank and the personal service of a community bank**, the lending professionals at The Park Avenue Bank still help our customers **build for the future**. Discover why it does make a difference where you bank, discover Park Avenue Bank.



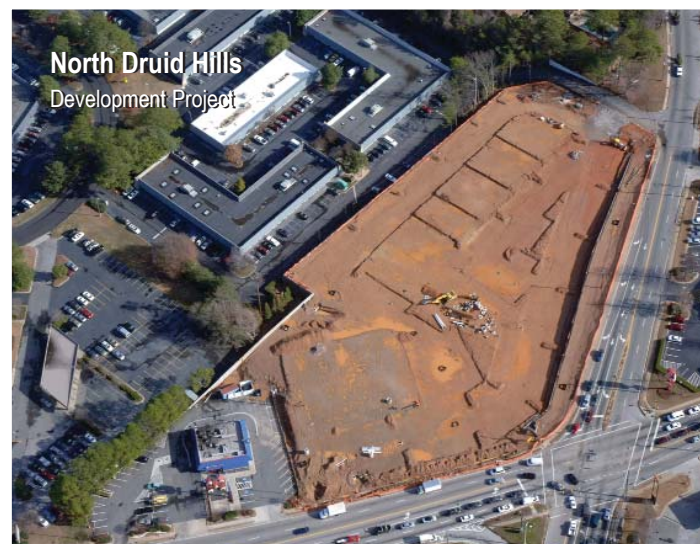
Pierre Construction Group, Inc.
Commercial Development



K. Dawn Inc.
Retail Center



Ballantrae at Creekstone
68 Unit Residential Ranch Condo



North Druid Hills
Development Project



The Landings on
Amelia River
Condomiums Project



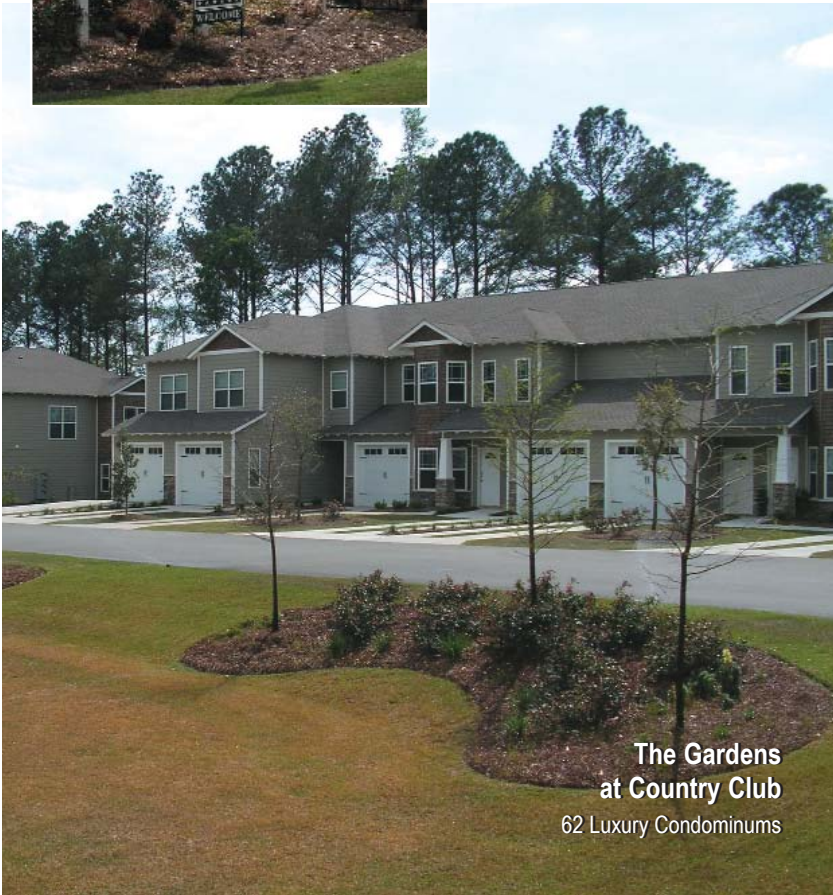
Alpha Tire & Auto
Retail Business

*P*rojects **FINANCED**

The Park Avenue Bank at work....
building banking relationships.



Southern
Endodontic Center
Medical Office Building



The Gardens
at Country Club
62 Luxury Condominiums





Affinity Health Group
Medical Office Building



Advanced Dental Care
Medical Office Building



Ace Electric
Corporate Office



The Villages at Lake Martin
172 Acre Residential Development

B

oard of **DIRECTORS**



R. Bradford Burnette
Retired Bank Executive



Walter W. Carroll, II
*Real Estate Investor,
Carroll Investment Group, LLC*



Michael H. Godwin
*Real Estate Executive,
Ambling Companies, Inc.*



James B. Lanier, Jr.
*Forester/Real-Estate Appraiser,
Lanier-Brookins, Inc.*



John E. Mansfield, Jr.
*Real Estate Investor,
Indigo Land Company*



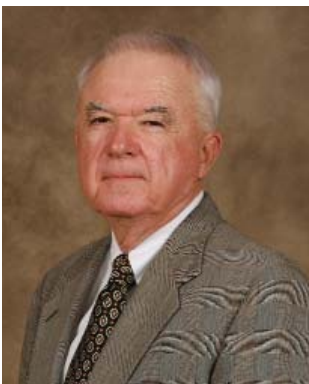
Kenneth D. McLeod
*Self-Employed Certified Public
Accountant*



Douglas W. McNeill
*Vice-Chairman of the Board,
PAB Bankshares, Inc. Director,
Case Pomeroy and Company, Inc.*



Paul E. Parker
*Executive/Director,
Claxton Bakery, Inc.*



F. Ferrell Scruggs, Sr.
Retired Construction Executive



Joe P. Singletary, Jr.
*Executive/Oil Jobber
Sing Bros., Inc.*



M. Burke Welsh, Jr.
*President/Chief Executive Officer,
PAB Bankshares, Inc. and
The Park Avenue Bank*



David K. Williams.
*President,
Killearn Properties, Inc. of Georgia*

(Not Pictured): **James L. Dewar, Jr.**, Chairman of the Board, PAB Bankshares, Inc./Real Estate Developer, Dewar Properties, Inc.
James W. Godbee, Jr., Director Nominee, Henderson & Godbee, CPAs

Executive OFFICERS



R. Wesley Fuller
Executive Vice President,
Director of Operations



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



George D. Henderson
Executive Vice President,
Chief Credit Officer



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



William L. Kane
Executive Vice President,
North Georgia Regional
President



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

Our executive management team has nearly 175 years of combined banking and financial services experience. They are committed to creating an environment that develops customer relationships that are built through communication and trust.

Senior MANAGEMENT

Carroll B. Baird, III
Statesboro Market President

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

Larry W. Hale
VP, Security-Purchasing

Sheryl N. Hall
VP, Internal Audit Manager

Suzy S. Hall
VP, Compliance

David H. Hammond
Sr. VP, Credit Administration

Laura A. Hancock
Sr. VP, A/L Management

Jeffery E. Hanson
Valdosta Market President

Thomas R. Heydet
North Atlanta Market President

Al D. Hosford
Henry County Market President

Judy S. Kelly
Sr. VP, Operations

G. Ross McWilliams
Jacksonville Market President

Garna D. Miller
VP, Bank Attorney

C. Edward Pattillo
VP, Real Estate Risk Management

T. Frank Posey, Jr.
Bainbridge Market President

Judy M. Powell
Sr. VP, Operational Services

Jared B. Reddick
Ocala Market President

Nicole S. Stokes
VP, Controller

Stephen B. Tippins
Athens Market President

Donnee L. Upson
VP, Information Technology

Brenda D. Vickery
Sr. VP, Human Resources

Gregory W. Wayne
Hall County Market President

C. Sam Williams
Baxley & Hazlehurst Market
President

Karen A. Witt
Sr. 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
Denise G. McKenzie, *Corporate Secretary*

General Counsel

Thompson Kurrie, Jr., Attorney At Law
Coleman Talley, 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.rtco.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

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 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.

Annual Report on Form 10-K and Proxy Statement

Copies of the Company's 2007 Annual Report on Form 10-K, and 2008 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, 2007 filed with the Securities and Exchange Commission.

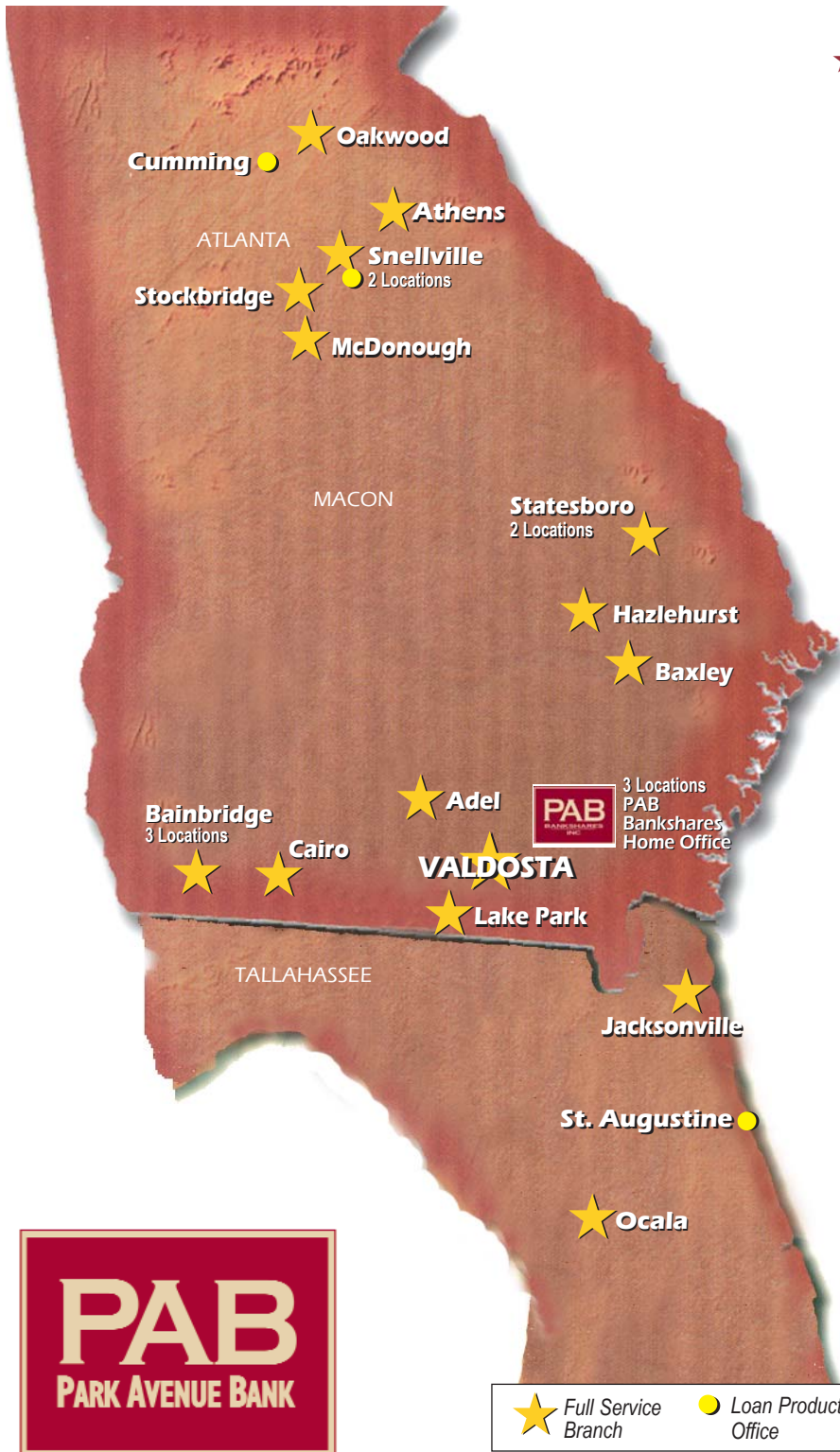
You are cordially invited to attend the
2008 Annual Shareholders' Meeting



Date & Time: May 20 at 10:00 a.m.

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

Bank LOCATIONS



www.parkavebank.com

Member FDIC

North Georgia Market

- ★ 1400 Zack Hinton Parkway, McDonough, GA 30253
- ★ 4058 Continental Drive, Oakwood, GA 30566
- ★ 1040 Eagles Landing Parkway, Ste. 101
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

- ★ 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

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

Large Enough to Serve Your Needs, Small Enough to Know Your Name!

