



2004

ANNUAL REPORT

**BUILDING
THE SOUTH**



“**T**he most important asset of our company is our staff. We are not a “bricks and mortar” institution. We are a service business.”

Burke Welsh
President & Chief Executive Officer

From the outside looking in, it is easy to see the success of your company in 2004. Earnings increased nearly 20%, our balance sheet grew 19%, and our asset quality ratios improved significantly. What's not readily apparent from the outside, is the effort and dedication of the 300 plus employees and directors pulling

as a team. The groundwork that they laid over the previous three years

allowed us to return our focus to quality growth and earnings in 2004. For the year, our loan portfolio grew a net \$107.5 million, and we had more

than \$470 million in total loan production. This exceptional growth, coupled with good expense controls, allowed us to increase our diluted earnings per share to 88 cents, a 19% increase over the 74 cents earned in 2003.

As earnings have increased, your Board of Directors has continued to increase the dividend payout; from 7 cents per share for the first quarter of 2004 to 11 cents per share for the first quarter of 2005. We will remain focused on the goal of providing you with a consistent return on your investment in our Company.

We continue to search for expansion opportunities in growth markets in both Georgia and Florida. In July, we opened a new branch office in Stockbridge, Georgia, doubling our



*Properties shown throughout the 2004 Annual Report were financed by **The Park Avenue Bank.***

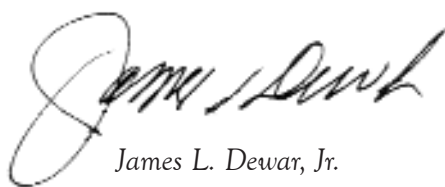
presence in the rapidly growing Henry County market. In April 2005, we will open a new loan production office in Cobb County, Georgia. We are also actively exploring the possibility of opening a full-service branch in Athens, Georgia. We recently hired two seasoned lenders to join our team in that market, and we are excited about our future in the Athens area. We continue to focus more on organic growth than on acquisitions. This strategy has proven successful for us over the past three years.

As we approach the \$1 Billion asset level in 2005, we must continue to invest in our infrastructure to support our growth. Much emphasis has been placed on credit administration, loan operations, deposit operations, audit, and information technology. Without these vital support areas, our


production staff could not grow and expand.

The most important asset of our company is our staff. We are not a "bricks and mortar" institution. We are a service business. Our success totally depends on a well trained, efficient, and caring staff. At every opportunity please visit one of our locations. We feel very confident that you will come away pleased that you are a shareholder.

Thank you for your support of our efforts. We remain focused on providing you with an investment that will continue to grow and prosper in an ever-expanding footprint.



James L. Dewar, Jr.
Chairman of the Board



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





PAB Bankshares History

PAB Bankshares, Inc. is a bank holding company headquartered in Valdosta, Lowndes County, Georgia. PAB was organized and incorporated in 1982 under the laws of the State of Georgia as the holding company for **The Park Avenue Bank**. Since our incorporation in 1982, we have acquired five other Georgia financial institutions and one Florida financial institution, and subsequently merged those institutions into the Bank. The Bank was founded in Valdosta in 1956, and it became a state-chartered commercial bank in 1971. In 2001, the Bank became a state member bank of the Federal Reserve System. The Bank operates 13 branches located in seven counties in South Georgia; three branches and two loan production offices located in four counties in North Georgia; and one branch and a loan production office located in two counties in Florida.

PAB Bankshares Financial Highlights

<i>(Dollars in thousands)</i>	1998	1999	2000	2001	2002	2003	2004
TOTAL ASSETS	\$ 620,111	\$ 664,969	\$ 794,907	\$ 859,143	\$ 747,911	\$ 730,741	\$ 868,975
LOANS, NET OF ALLOWANCE	\$ 435,343	\$ 489,380	\$ 572,552	\$ 622,060	\$ 543,141	\$ 528,505	\$ 637,083
DEPOSITS	\$ 504,087	\$ 516,204	\$ 637,180	\$ 720,398	\$ 606,730	\$ 556,917	\$ 657,550
EQUITY	\$ 66,063	\$ 69,611	\$ 70,780	\$ 65,372	\$ 71,265	\$ 76,062	\$ 81,000
NET INCOME	\$ 7,987	\$ 8,693	\$ 5,726	\$ 148	\$ 6,347	\$ 7,126	\$ 8,518
NET INTEREST MARGIN	4.53%	4.63%	4.52%	3.49%	3.92%	4.11%	4.28%
DILUTED EARNINGS PER SHARE	\$ 0.81	\$ 0.89	\$ 0.60	\$ 0.02	\$ 0.67	\$ 0.74	\$ 0.88
RETURN ON AVERAGE ASSETS	1.34%	1.38%	0.82%	0.02%	0.81%	0.97%	1.11%
RETURN ON AVERAGE EQUITY	12.70%	12.75%	8.10%	0.20%	9.34%	9.60%	10.71%
EFFICIENCY RATIO <i>(Excluding Certain Non-Recurring Items)</i>	55.06%	57.12%	60.39%	74.02%	67.04%	68.90%	63.18%
BOOK VALUE PER SHARE	\$ 6.88	\$ 7.24	\$ 7.45	\$ 6.95	\$ 7.56	\$ 8.02	\$ 8.53

PAB Bankshares Financial Highlights *(continued)*

2004 was a benchmark year for the Company in terms of growth and profitability. For the first time in five years, the Company posted a double-digit asset growth rate, a return on average assets greater than 1.0%, and a double-digit return on average equity. The increase in interest rates and the strong loan growth during the second half of the year helped to increase our net income nearly 20% in 2004.

Our goal is to continue to expand our presence in the higher growth markets in North Georgia and Florida, seek opportunities to enter new growth markets, and recapture lost market share in our South Georgia markets. A breakdown of **loans** and **deposits** as of December 31, 2004 and 2003 and the percentage of net growth (or contraction) in 2004 for each market is provided in the table below.

Market/ County	# of Offices	Total Loans			Total Deposits		
		2004	2003	% Chg	2004	2003	% Chg
<i>(Dollars in Thousands)</i>							
South Georgia							
Lowndes	4	\$ 134,138	\$ 117,462	14.2	\$ 200,034	\$ 189,473	5.6
Cook	1	10,321	11,934	(13.5)	35,497	33,256	6.7
Decatur	3	48,697	53,246	(8.5)	96,644	100,190	(3.5)
Grady	1	13,867	12,289	12.8	11,231	10,610	5.9
Appling	1	29,950	36,522	(18.0)	42,979	42,614	0.9
Jeff Davis	1	8,453	8,975	(5.8)	35,747	33,644	6.3
Bulloch	2	40,995	45,981	(10.8)	57,514	58,709	(2.0)
		<u>\$ 286,421</u>	<u>\$ 286,409</u>	<u>0.0</u>	<u>\$ 479,646</u>	<u>\$ 468,496</u>	<u>2.4</u>
North Georgia							
Henry	2	\$ 186,628	\$ 118,140	58.0	\$ 28,311	\$ 23,301	21.5
Hall	1	75,773	54,824	38.2	11,983	4,447	169.5
Clarke	1	16,826	6,270	168.4	-	-	-
		<u>\$ 279,227</u>	<u>\$ 179,234</u>	<u>55.8</u>	<u>\$ 40,294</u>	<u>\$ 27,748</u>	<u>45.2</u>
Florida							
Marion	1	\$ 14,751	\$ 24,670	(40.2)	\$ 79,503	\$ 54,299	46.4
St. Johns	1	39,564	17,319	128.4	4,704	-	-
		<u>\$ 54,315</u>	<u>\$ 41,989</u>	<u>29.4</u>	<u>\$ 84,207</u>	<u>\$ 54,299</u>	<u>55.1</u>
Treasury							
	-	\$ 26,186	\$ 31,012	(15.6)	\$ 53,403	\$ 6,374	737.8
TOTAL		<u>\$ 646,149</u>	<u>\$ 538,644</u>	<u>20.0</u>	<u>\$ 657,550</u>	<u>\$ 556,917</u>	<u>18.1</u>

* In addition to the geographic concentrations noted in the tables above, we had approximately \$35.8 million in loans secured by real estate in Florida to customers of our South Georgia, North Georgia and Treasury offices.

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.

Consolidated Regulatory Capital Ratios <i>(as of December 31, 2004)</i>	Actual	Min. Regulatory Requirement
Total Capital to Risk Weighted Assets	13.5%	8.0%
Tier 1 Capital to Risk Weighted Assets	12.2%	4.0%
Tier 1 Capital to Average Assets (Leverage Ratio)	10.4%	4.0%



Park Avenue Bank Offices *(as of April 1, 2005)*



www.parkavebank.com

Member FDIC and Equal Housing Lender



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 St., Bainbridge, GA 39817
- ★ 1705 East Shotwell Street, 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, Georgia 30606
- 2255 Cumberland Parkway
Building 1100, Suite B
Atlanta, Georgia 30339

Florida Market - Locations

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

LARGE Enough to Serve Your Needs,
SMALL Enough to Know Your Name!



Board of Directors:

James L. Dewar, Jr.
*Chairman of the Board
Real Estate Developer
Dewar Properties, Inc.*

R. Bradford Burnette
Retired Bank Executive

Walter W. Carroll, II
*Vice President of
Business Development
The Park Avenue Bank*

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

Bill J. Jones
Retired Bank Executive

James B. Lanier, Jr.
*Consultant Forester
Lanier-Brookins, Inc.*

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

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

Douglas W. McNeil
*Real Estate Executive
Case Pomeroy Properties*

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

F. Ferrell Scruggs, Sr.
*Retired Construction
Executive*

John M. Simmons, III
*Executive/Director
Elberta Crate and Box
Company*

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

M. Burke Welsh, Jr.
*President/Chief
Executive Officer
PAB Bankshares, Inc.*

Executive Officers:

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

R. Wesley Fuller
*Executive Vice President/
Director of Operations*

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

Senior Management:

Teresa A. Baumann, VP/Loan Operations

Randy J. Cox, VP/Marketing

Dale E. Crowe, VP/Collections & Recovery

J. Clay Gibson, Sr. VP/Commercial Lending,
St. Augustine

J. Keith Hales, Sr. VP/Operations & IT

Suzu S. Hall, VP/Compliance

David Hammond, VP/Credit Administration

Laura A. Hancock, Sr. VP/Controller

Jeffery E. Hanson, Valdosta Market President

George D. Henderson, Sr. VP/Commercial
Lending, Hall County

L. Michelle Hendricks, VP/Internal Auditor

Al D. Hosford, Henry County Market President

Thomas L. Jackson, VP/Commercial Lending,
Athens

Terry G. Johnson, Sr. VP/Lender, Valdosta

Judy S. Kelly, Sr. VP/Operations

Gregory W. Kennedy, Baxley Market President

Denise G. McKenzie, Asst. VP/Corporate Secretary

T. Frank Posey, Jr., Bainbridge Market President

Judy M. Powell, Sr. VP/Operational Services,
Purchasing

Hoke S. Reeves, III, Statesboro Market President

James R. Seaward, Ocala Market President

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.
3250 North Valdosta Road
P.O. Box 3460
Valdosta, GA 31604-3460
(229) 241-2775
www.pabbankshares.com

General Counsel

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

Annual Report Form 10-K

A copy of the Form 10-K Annual Report of the Company filed with the Securities and Exchange Commission is made a part of this 2004 Annual Report by insertion.

Stock Listing

PAB Bankshares' stock is traded and quoted on the American Stock Exchange under the symbol PAB.

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 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:

Maryellen Dampier
Investor Relations Contact
PAB Bankshares, Inc.
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Valdosta, GA 31604-3460
(229) 241-2775
Fax (229) 241-2774
ir@pabbankshares.com



You are cordially invited to attend the

Annual Shareholder's Meeting

Date and Time: May 24, 2005 at 10:00 a.m.

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