

ATLANTIC CAPITAL

BANCSHARES

April 18, 2008

To our shareholders:

Atlantic Capital achieved strong results in the first quarter of 2008 despite continued turmoil in financial markets and a weakening economy. Credit commitments increased 66% to \$242 million and outstanding loans grew 83% to \$166.8 million. Deposits totaled \$101.8 million at quarter end, including over \$61 million in accounts from core customer relationships. While the economic outlook is uncertain, we are making excellent progress and remain enthusiastic about our opportunity to build an exceptionally strong and successful banking company.

The correction in housing and mortgages that began to accelerate last summer deteriorated into a financial crisis of historic proportions during the quarter. The Federal Reserve and other central banks undertook extraordinary measures to provide liquidity to markets, support wounded institutions, and stimulate the softening economy. Among those measures were three significant reductions in the Federal Funds rate totaling 2.00%.

These precipitous declines in rates limited growth in our net interest income to \$1.84 million compared to \$1.77 million in the prior quarter despite higher balances of loans and securities. Non-interest expense was \$3.54 million, a modest savings compared to \$3.66 million in the fourth quarter of 2007. The resulting loss for the quarter was \$2.67 million, a slight improvement from the prior quarter and consistent with our expectations at this early stage of development.

Summarized unaudited financial information for the first quarter of 2008 and audited financial statements for 2007 are available on a secure page at www.atlanticcapitalbank.com. Instructions on how to access this information are included at the bottom of this letter.

While interest rate reductions limited near term increases in revenue last quarter, strong loan production and robust treasury management services sales indicate growing market appetite for the competitive blend of financial expertise, attentive service, and practical technology our bankers offer.

Although credit quality is deteriorating throughout the banking system, Atlantic Capital's seasoned team of bankers is building a sound portfolio of loans. At quarter end, our loans were well diversified by line of business with 41% of loans generated by corporate banking, 54% by commercial real estate finance, and 5% by our private bankers. We have no non-performing loans or other troubled credit exposures.

Our corporate banking business has made significant progress in a market with soft loan demand and entrenched competition. After 10 months in business, our team of tenacious and creative corporate bankers has booked loan commitments of over \$107 million and initiated relationships with 63 vibrant middle market corporations. We are the primary bank for 70% of these companies and provide multiple banking services to them.

Atlantic Capital Direct, our corporate treasury management platform, is bringing a new level of cash management capability to middle market companies and is winning rave reviews from new clients. This service capability is highly competitive and will be an important generator of deposits and non-interest income as our business grows and corporate relationships mature.

Our commercial real estate team is sharply focused on top tier developers and investors active in institutional quality multifamily, office, industrial, and retail property types. We do not participate in the troubled residential acquisition, development, and construction financing business. Distracted competition and significantly diminished capital flows to securitized markets have created an exceptional opportunity for our talented team of real estate bankers to build relationships with strong and liquid project sponsors capable of development through cycles.

Commercial real estate credit commitments totaled \$120.4 million at quarter end, and include new relationships with many of Atlanta's leading real estate developers and investors. While general economic realities suggest softer commercial property values and delayed development pipelines in the months ahead, our selective strategy positions us to pursue sound and profitable business opportunities with strong developers.

Our private banking focus on our shareholders, the principals of our corporate and real estate clients, and other affluent individuals and families is building a strong core deposit base. At the end of the first quarter, 48% of core customer deposits were originated by our private banking team. Our private bankers are developing a reputation in the market for flexible banking solutions and attentive service.

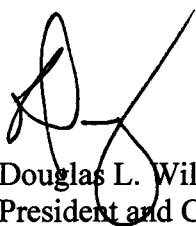
The most important thing you can do to help your investment grow and prosper is to move your banking business to Atlantic Capital. We offer competitive rates and services and you will be pleased with the thoughtful care we provide. Please call one of us or your private banker today.

The preponderance of data suggests a growing likelihood of contraction in economic activity and continued turmoil in financial markets. Building a business of the substance and scope to which we aspire is a complex and challenging undertaking, even in the best of times. Atlantic Capital, like all financial service companies, is vulnerable to interest rate volatility and further economic deterioration. However, we have thoughtful and focused business strategies, capable and seasoned bankers, a sound and growing loan portfolio, and generous capitalization. We are making excellent progress.

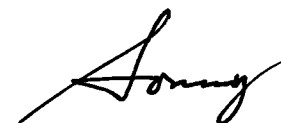
We invite you to join us at our **First Annual Shareholders' meeting on May 15, 2008, at 10 a. m. at the Grand Hyatt Hotel at 3300 Peachtree Road in Atlanta.** You should have received by mail the proxy materials for the annual meeting. You may vote your shares by proxy as specified in the materials if you do not plan to be at the meeting.

Thank you for your support and for the confidence you have expressed in our team. We welcome your questions, comments, and suggestions.

Respectfully,



Douglas L. Williams
President and Chief Executive Officer



Walter M. Deriso, Jr.
Chairman of the Board

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