

July 29, 2011

To our shareholders:

Despite continued softness in economic activity, Atlantic Capital recorded strong growth in revenue and earnings during the second quarter of 2011. Total revenue advanced 30.8% and pre-tax earnings increased 95% compared to the same quarter last year. Net income was \$1 million or \$0.08 per share for the quarter, and \$1.4 million or \$0.11 per share for the half year.

### **2nd Quarter Financial Results**

Net interest income before provision for loan losses was \$6.4 million, an increase of 20% over the same period of the prior year on higher loan and investment volumes and an expanded net interest margin. Average loan volumes declined to \$641.6 million in the second quarter as a result of commercial real estate loan run-off as borrowers refinanced in permanent debt markets or sold assets to redeploy capital. Corporate and private client loan demand remained tepid.

Average deposits of \$689.8 million were up 13.6% year over year from new treasury management business, and the average cost of deposits fell to 0.54% from 0.81% in the comparable quarter last year and 0.56% in the first quarter. Our bankers are adding new treasury services clients and the proportion of non-interest bearing deposits balances continues to build.

Non-interest income grew 242% from the comparable period a year ago and 159% from the first quarter on higher income from interest rate swaps and foreign exchange transactions for clients, increased service charges on treasury management business, and gains on sales of investment securities. The strong improvement in non-interest income is the direct result of new capital markets and treasury management capabilities added over the last year to expand and strengthen client relationships.

Pre-tax earnings grew to \$1.6 million from \$0.8 million a year ago and \$0.6 million in the first quarter despite significant increases in non-interest expense and provision for loan losses. The growth in expense reflects the addition of new bankers to our team, as planned, to pursue new business development opportunities.

The allowance for loan losses was \$11.8 million, or 1.86% of loans, and 2.86x our non-performing loan balance at quarter end. We have increased the allowance despite flat loan volumes to give us additional flexibility to resolve a troubled commercial real estate credit previously identified. There were no new non-performing loans or charge-offs recorded during the quarter. Superior credit quality continues to differentiate Atlantic Capital from its competitors and peers.

Given the weakness of the economic recovery, we expect soft loan demand and elevated levels of credit problems to persist throughout the banking industry, particularly in the southeastern US, into 2012 and beyond. Atlantic Capital's superior credit quality, strong capital base, and solid core relationship deposit funding position us to grow and thrive despite these headwinds.

You may view our unaudited second quarter financial statements, along with a schedule of supplementary financial data, on our website by following the instructions at the end of this letter. Charts comparing our performance and financial condition to regional competitors and business model peers will be added as that information becomes available.

### **Economic and Business Outlook**

Business investment and consumer spending were constrained during the second quarter by continued uncertainty over the course of the economic recovery and persistently high levels of joblessness. The US Department of Commerce's initial estimate of second quarter GDP growth was 1.3%, a modest improvement from the very weak final first quarter number of 0.4%.

In the US, burgeoning regulation, the political impasse over the federal deficit and debt ceiling, and weak final demand are discouraging job creation and investment in new production capacity. These burdens, combined with the continuing slow process of correction from the excesses of speculation and borrowing in the housing sector, have dampened consumer spending and will limit capacity for meaningful acceleration in economic activity.

Most forecasters now expect economic activity to rebound moderately over the second half of the year with US GDP expanding at a pace ranging from 2.7 to 3.0%. Job creation and consumer spending should increase as lower energy prices filter through the economy, supply chain disruptions from the Japanese earthquake and tsunami are remedied, and businesses replenish inventories and replace aging equipment.

The Atlanta region continues to lag behind the nation in economic recovery with higher levels of unemployment and continued softness in commercial and residential property values. New job creation and resumed population growth are the only solutions to these persistent problems.

With a sluggish economy, we expect weak loan demand for the foreseeable future. Growth for Atlantic Capital will come from taking business from competitors and by pursuing strategic expansion opportunities.

We have demonstrated our ability to compete effectively against large regional and national banks with talented bankers and innovative service capabilities. By continuing to attract the best bankers

in the market and investing in new and enhanced service capabilities, we will add meaningfully to our base of over 350 commercial and more than 425 private client relationships.

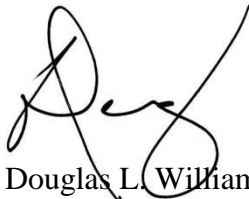
The weak economic outlook and continued performance challenges will drive consolidation activity in the banking industry and create opportunities to enter new geographic markets. With strong capital levels, superior credit quality, and a cadre of talented bankers and executive managers, Atlantic Capital is positioned to grow in Atlanta and in other southeastern metropolitan markets through de novo investment and merger and acquisition activity.

We have identified markets for potential expansion and maintain active dialogue with prospective partners in those markets. You can be sure that any expansion to new markets will be undertaken in a sound and prudent fashion to create value for our shareholders.

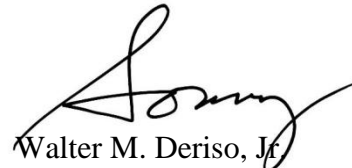
The most important thing you can do to help us grow is to move your banking business to Atlantic Capital and encourage your friends and business associates to do likewise.

Thank you for your continued support. Your suggestions, comments, and questions are always welcome.

Sincerely,



Douglas L. Williams  
President and Chief Executive Officer



Walter M. Deriso, Jr.  
Chairman of the Board

Enclosure