

October 17, 2008

To our shareholders:

Atlantic Capital recorded strong results during the third quarter even though confidence in the global banking system weakened and economic performance at home and abroad deteriorated. With strong capital, sound asset quality, and solid funding and liquidity, Atlantic Capital is positioned to become a fortress of strength and opportunity in the uncertain days ahead.

Loans grew 49% from the last quarter to \$321 million. Total deposits, over 77% of which are from core customer relationships, increased 65% from the second quarter to \$224 million.

Net interest income before loan loss provision was \$2.8 million, up 37% from the prior quarter on strong volume growth in loans and securities, improved yields, and a more stable net interest margin. Our net loss for the quarter was \$2 million, the same as that recorded during the second quarter and within our expectations.

A substantial portion of our net loss at this stage of development is loan loss provision. We have yet to incur any losses from loans and, given the sound condition of our loan portfolio, we do not anticipate losses in the near term. However, appropriate provisioning is a prudent practice to build reserves for the normal level of future losses expected in any lending enterprise over time.

Our net loss before loan loss provision narrowed to \$0.7 million for the quarter compared to \$1.5 million in the prior quarter as interest and non-interest income grew and we exercised good expense discipline. We expect this measure to continue to narrow and approach break-even levels in coming months as business volumes grow.

You may review summarized unaudited financial statements for the third quarter of 2008 on a secure page at [www.atlanticcapitalbank.com](http://www.atlanticcapitalbank.com). Instructions on how to access this information are included at the bottom of this letter.

At September 30, 2008, Atlantic Capital was one of the most generously capitalized depository institutions in the United States with a Tier 1 capital to total average asset ratio of greater than 30% compared to the regulatory minimum for a well capitalized bank of 5%.

As you know, the focus of our business is the diversified and resilient corporate middle market; top tier commercial real estate developers in apartment, office, industrial, and retail property types; and affluent individuals and families. Our borrowers continue to perform well and demonstrate good financial flexibility. While all loan portfolios have risk and are increasingly vulnerable as economic conditions weaken, Atlantic Capital's current credit quality is exceptionally sound with no non-performing loans, no charge-offs, and no foreclosed real estate.

The failure of Fannie Mae and Freddie Mac in recent weeks led to sizable losses in many banks which held preferred stock in these government sponsored enterprises. We held no positions in these impaired securities. Our securities portfolio consists entirely of government agency bonds, government agency mortgage securities, and investment grade corporate debt. While the value of fixed income securities fluctuates with changes in interest rates, the credit risk in our portfolio is that of the US Government and highly rated corporate issuers.

Concern over bank asset quality in the US and abroad has constrained liquidity in credit markets worldwide. Troubled banks have experienced difficulty meeting short-term funding needs and failures of large and small banks have accelerated. With strong capital levels and sound asset quality, Atlantic Capital has been a safe haven for many depositors and has maintained ready access to short-term credit.

Aggressive sales of our technologically advanced corporate treasury platform, *Atlantic Capital Direct*, and competitive deposit rates have helped ensure steady deposit growth and short-term liquidity during this time of market stress.

Our skilled and seasoned corporate bankers have built strong relationships with over 100 middle market companies. Our commercial real estate finance team is increasingly seen as the best source for capital and advice in a troubled market and counts over 25 strong top tier developers and investors as clients. Our private bankers are providing outstanding service to over 225 customers. Our business is growing as companies and individuals evaluate their banks and seek to develop relationships with a strong bank capable of providing thoughtful solutions to the business challenges ahead.

Remember that the best thing you can do to support your investment and help us succeed is to move your banking business to Atlantic Capital today and recommend us to your family, friends, and professional associates. Call us now for superior banking services and the security of a safe and sound institution.

Our chief priority is to make Atlantic Capital a fortress of strength and opportunity for our shareholders and customers. We anticipate the challenges of a weakening economy and a crisis of confidence in financial markets soberly, but with conviction that a sound business plan, seasoned and capable bankers, and disciplined risk management practices will prevail.

Thank you for the trust you have in us. As always, 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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**QUARTERLY FINANCIAL STATEMENTS**

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  - a. Note: **Secure Content** is displayed on the far right below **Contact Us**.
3. Enter User name and Password below.
  - a. User name: **acb**
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