

January 30, 2012

To our shareholders:

The pace of economic recovery was disappointing in 2011 as heavy household and public sector debt burdens sapped confidence in the future and constrained consumer spending and new business investment. Despite these headwinds, Atlantic Capital made good progress and posted strong growth in loans, deposits, revenue, and core earnings. For the first time, our balance sheet at year end exceeded \$1 billion, a remarkable achievement by our team over four and a half years of the most challenging economic conditions in generations.

As we previously discussed with you, heavy additions to the loan loss reserve during the third and fourth quarters to position us to resolve a troubled large commercial real estate credit relationship suppressed net earnings during the second half of the year. As a result, net income for the year was \$1.8 million, or \$0.14 per share.

2011 Financial Results

Net interest income before provision for loan losses was \$24.7 million, an 11% increase compared to the prior year on higher loan and securities volumes. Average gross loan balances were up 9% year over year to \$657 million. Our bankers added 88 new borrowing relationships in corporate banking, commercial real estate finance, and private banking during 2011 by taking good business from our competitors. We extended \$245 million in new credit commitments with \$151 million in new loans to these borrowers.

Average deposits grew 15% over 2010 to \$710 million. We added 93 new or significantly expanded commercial treasury management and depository relationships during 2011. Over 90% of our commercial clients now use our treasury management and depository services.

Non-interest income increased 77% to \$2.8 million on strong growth in service charges, loan and letter of credit fees, and income from interest rate swaps and foreign exchange transactions for our clients.

A key measure of core operating earnings used by banking analysts, income before provision for loan losses and taxes, was up 58% to \$9.8 million. This is a good indication of the core earnings power of our company.

The provision for loan losses was \$7.1 million compared to \$2.8 million in the prior year reflecting growth in the loan portfolio and our efforts to resolve the previously mentioned troubled large commercial real estate credit relationship. We charged off \$2.5 million of a \$6.6 million loan under this guarantor relationship in the first quarter. Deterioration in property performance and collateral

values on our two other loans of \$4.25 million and \$3.95 million guaranteed by this same sponsor became apparent over the second half of the year resulting in additional charge offs of \$6.8 million in the fourth quarter. At year end, we carried a total non-performing loan balance of \$5.5 million from these three credits as our collection efforts continue through available legal means.

The allowance for loan losses was a healthy \$9.7 million, or 1.39% of loans and 1.77X the non-performing loan balance, at year end. Even considering the effect of this troubled relationship, Atlantic Capital's loan portfolio is exceptionally strong and its overall credit quality remains among the best in banking.

You may view our unaudited fourth quarter and 2011 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 to that of regional competitors and national business model peers will be added as that information becomes available.

Economic and Business Outlook

While the rate of economic growth strengthened in the fourth quarter, expectations for 2012 are modest. Consensus forecasts indicate US GDP will increase less than 2.5%, well below the level necessary for meaningful job creation and new investment activity. The process of correcting past excesses has only begun and is likely to continue for years to come.

In view of a subdued economic outlook, vulnerability to financial market shocks from the European debt crisis, and uncertainty over the US elections, business managers and consumers are likely to maintain a defensive posture as we begin the new year. We expect muted loan demand and fierce competition for good business.

Sustaining a superior rate of growth and enhancing core profitability will be challenging. Our growth has come from taking business from our large bank competitors. With better bankers, innovative capabilities, and attentive customer service, we believe we can continue to beat them if we are disciplined and persistent in our business development efforts.

Intense price competition and historically low interest rates will make it difficult to improve loan yields without taking more credit or interest rate risk than we think prudent in this economic environment. However, we will continue to manage deposit costs by growing our corporate treasury management business and increasing the proportion of non-interest bearing deposits. We are also continuing to build non-interest income fee sources such as interest rate swaps and foreign exchange capabilities.

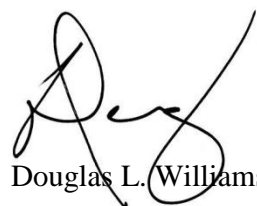
With expectation of a persistently tough environment, organic growth alone will be insufficient to meet our long term size and return objectives. Accordingly, we continue to pursue strategic expansion by developing new capabilities, evaluating new markets, and tracking potential acquisition

opportunities. We are well positioned to meet the challenges ahead and produce meaningful value for you.


You can help us grow by moving your business to Atlantic Capital if you have not already done so, and by encouraging your friends and associates to do the same.

Thank you for your continued support. We welcome your questions, comments, and suggestions.

Sincerely,



Douglas L. Williams
President and Chief Executive Officer



Walter M. Deriso, Jr.
Chairman of the Board