

# ATLANTIC CAPITAL

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## BANCSHARES

February 12, 2008

To our shareholders:

Atlantic Capital's growth accelerated during the fourth quarter of 2007 despite increasingly turbulent economic and financial market conditions. Total credit commitments grew \$80 million to \$146 million and outstanding loans increased over 2.5 times to \$91.2 million. Deposits totaled \$52.9 million at December 31, 2007, a five fold increase over the third quarter. These solid accomplishments are positive steps toward building sustainable shareholder value, and we remain optimistic about our growth prospects.

As expected at this early stage of development, the corporation recorded a net loss, including start-up and other organizational expenses, of \$8.4 million for 2007. Income earned for the first seven months of business activity included \$4.1 million of net interest income and \$0.5 million of non-interest income. While we did not incur any loan losses and have no problem credits, provision expense to build the reserve for potential future loan losses was \$1.5 million, or 1.6% of total loans. Non-interest expense was \$11.5 million, consistent with our initial plans.

Summary unaudited financial information for the fourth quarter and year are available 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 the second page of this letter.

Economic growth slowed during the fourth quarter as a correction of historic proportions in the housing sector roiled financial markets and weakened consumer confidence and spending. Business owners and corporate executives grew more cautious as uncertainty increased.

Strategic corporate financing business was limited as merger and acquisition activity, recapitalization transactions, and capital spending programs slowed. With fewer event-driven lending opportunities, our corporate banking team was competitive and resourceful in taking more routine working capital finance and treasury management business from entrenched larger competitors. At quarter end, corporate banking loans were 52% of total outstandings.

Our commercial real estate finance team benefited from competitor turmoil as capital flows to securitized markets dwindled and other banks were distracted with burgeoning problem credits. Atlantic Capital's strategy of avoiding residential acquisition, development, and construction lending, and instead, building its business with focus on established institutional quality developers and investors in apartment, office, industrial, and retail properties is proving timely and sustainable. Commercial real estate loans were 42% of total loans at quarter end.

Atlantic Capital's private banking team provides a winning combination of high touch personal service and innovative technology driven solutions to the principals of our corporate and real estate clients as well as our shareholders and other affluent individuals and families. Private banking accounted for the majority of our deposit growth in the fourth quarter and 6% of our total loans.

Business momentum continues to build as we begin 2008 with strong pipelines for new credit and treasury management business. Our team of seasoned bankers, risk officers, customer service representatives, and technology specialists is exercising increased vigilance in selecting new business and managing current customer relationships as the economic outlook remains uncertain. While most banks expect slower revenue growth, deteriorating credit quality, and softer earnings, Atlantic Capital is positioned to thrive with strong capital levels, substantial liquidity, focused business strategies, and skilled bankers.

Please remember that your banking business is important to us and supports your interest as a shareholder.


We encourage you to plan to join us for 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 will receive in mid April more information on this meeting as well as audited 2007 financial statements and summary financial results for the first quarter of 2008.

We look forward to seeing you in May. In the meantime, your questions, comments, and suggestions are always welcomed.

Respectfully,



Douglas L. Williams  
President and Chief Executive Officer



Walter M. Deriso, Jr.  
Chairman of the Board

**INSTRUCTIONS TO VIEW**  
**QUARTERLY FINANCIAL STATEMENTS**

1. Go to [www.atlanticcapitalbank.com](http://www.atlanticcapitalbank.com)
2. Click **About Us, Investor Relations** and **Secure Content**
  - a. Note: **Secure Content** is displayed on the far right below **Contact Us**.
3. Enter User name and Password below.
  - a. User name: **acb**
  - b. Password: **atlantic01**