

ATLANTIC CAPITAL

BANCSHARES

January 27, 2010

To our shareholders:

Atlantic Capital recorded strong growth in revenue and client relationships during the fourth quarter of 2009 while continuing to navigate the challenges of one of the most severe economic contractions since the Great Depression. We begin 2010 with a strong balance sheet, seasoned and disciplined bankers, momentum in each of our business segments, and the expectation of profitable results for the year.

4th Quarter Financial Results

Net interest income before provision for loan losses was \$5.1 million, up 10% from the prior quarter on higher loan and securities volumes, improved loan yields, and a more favorable deposit mix. Higher service charges and other income resulted in non-interest income growth of 12.9% during the quarter.

Non-interest expenses were tightly managed and declined 3.6% to \$4.1 million. The net loss for the quarter was \$2.0 million after a loan loss provision of \$3.2 million. The level of loan loss provision reflects our effort to maintain a generous reserve for potential losses through this economic cycle.

Net loans grew 6% during the quarter with good progress in each of our business segments. Apart from the two problem loans recognized in the third quarter, credit quality in our loan portfolio is sound with no new past due, non-accrual, or other classified loans.

You will remember that we placed two credit relationships totaling \$9.5 million on non-accrual status in the third quarter with the expectation that we would move aggressively to resolve these problems and charge-off any amounts we believed we were unlikely to collect in the near term. Accordingly, we charged-off \$5.2 million of these loans in the fourth quarter while collection efforts continue.

Non-performing assets as a percent of total assets declined to 0.62% in the fourth quarter from 1.46% in the prior quarter. Net charge-offs as a percent of average loans for the year were 1.03%. The allowance for loan losses was 1.80% of total loans and 4.3 times our non-accrual loans at quarter end. These credit quality measures are among the best in banking.

Average deposit balances increased 8.5% during the quarter to \$547.4 million. Each of our lines of business added core operating business to pace deposit growth and lower deposit cost. Our bankers continue to make this vital aspect of our business a priority in their sales efforts.

Atlantic Capital has built an exceptionally strong balance sheet with superior asset quality, solid and stable deposit funding, and robust capital levels. At quarter end, tangible common equity as a percent of tangible assets was 14.9%.

You may review our unaudited fourth quarter financial statements on a secure page on our website by following the instructions at the end of this letter. We have also included a page of supplementary financial data. As we did last quarter, we will add a chart comparing key financial metrics at Atlantic Capital to those of selected other banking companies as it becomes available.

A look at 2010

A review of recent economic data suggests that the deep recession of 2008-2009 has receded and a modest recovery in economic activity has begun. However, rates of GDP expansion, unemployment levels, and other measures indicate a much slower and more fragile recovery than experienced in earlier cycles. We expect economic challenges to persist through 2010.

Our operating plans and actual performance are heavily influenced by the course of the economy. We have made appropriate adjustments in business unit strategies, growth objectives, and risk appetite since opening for business in the waning days of one of the longest economic expansions in the post war era. Slower growth and a more conservative credit and investment policy have muted our progress, and have reduced, but not eliminated our vulnerability to the economic environment.

As we look ahead to 2010, we expect continued progress in all aspects of our business. We have built a substantial client base of 184 small to mid-sized corporations, 39 commercial real estate developers and investors, and 324 affluent households. The hard work of our bankers over the last two and a half years is paying dividends in the form of new client relationships and sustained business development momentum.

Net interest income and non-interest sources of revenue are now sufficient to cover the substantial costs necessary to pay experienced bankers, operate a bank designed to compete with the largest financial institutions, and produce a modest profit in our third full year of business as originally planned.

The primary risk to achieving a profit for the year is in the performance of the economy. A weaker recovery or a recessionary relapse could make achieving profitability difficult due to slower growth, deteriorating borrower performance, and higher credit costs. A more robust recovery, however, could raise loan demand, strengthen credit quality, and result in a more substantial profit than currently anticipated.

Given the uncertainties of the economic environment, our performance priorities remain constant. We will maintain superior asset quality, grow core relationship deposits, expand our net interest margin to enhance profitability, and grow high quality loans.

Strategic Opportunities

Our first and only essential strategic priority is to continue the organic growth of our business by adding new clients in each of our business segments and developing well rounded relationships with those clients to include sound credit, treasury management services, and stable core deposits.

Our second strategic priority is to consider opportunities to accelerate our development by making acquisitions, investing in new southeastern markets, or adding new capabilities. We regularly consider and evaluate these expansion opportunities.

The recession, related turmoil in financial markets, and dislocation among our competitors are creating some interesting, and perhaps once in a generation, opportunities. We have conducted due diligence on potential FDIC-assisted acquisition targets and will continue to consider these situations as they arise; however, we have not yet identified any opportunities we think we should pursue.

While there is potential to book gains from the resolution of problem assets under an FDIC loss sharing arrangement, the longer range business synergies offered by combining with a failed institution appear limited for us and may distract us from our primary objectives. Any assisted acquisition we pursue will offer potential gains from resolution work as well as a sound rationale for a business combination.

We expect there will be opportunities to consider other expansion opportunities including acquisitions of healthy businesses over the next few months. We will consider these opportunities by evaluating the strategic or business rationale of the combination, our capacity to integrate and manage the resulting business, the potential financial and operating returns and risks, and how to finance and capitalize the acquisition in a shareholder friendly fashion.

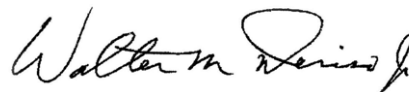
We are grateful that many of you have moved your banking business to Atlantic Capital and referred others to us. For those of you still banking elsewhere, remember that the most important thing you can do to enhance the value of your investment is to move your business to Atlantic Capital. Please call us today.

Thank you for your confidence in us as we build your business in these challenging and uncertain times. 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

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