

Atom Bank - £10M Award

CIF Key Achievements to Date

- Since receiving the BCR grant Atom has built the underlying infrastructure for its small business app in partnership with our strategic partner Thought Machine. We have also completed the underpinnings of our smart lending and savings platform with Thought Machine.
- We have built a radically enhanced pricing engine and quote tool that enables us to give a quote on a secured lending application, often the hardest to quote on quickly, within 60 seconds.
- We have launched our closed online community for SMEs - 'The Kitchen' - allowing small businesses to offer their feedback and be actively involved in prioritising our product roadmap.
- We are working with Newcastle University; the Federation of Small Businesses and the NE Chamber of Commerce on the build out of our proposition and reducing financial bias in lending decisions.
- Atom are creating high quality jobs in the North East of England, including roles in Data Science and Engineering. To date 22 people have joined Atom, including 6 graduates.
- We remain committed to changing the balance of who works in finance and technology and over the period have engaged with a number of initiatives and bodies, including Women in Finance Charter, Tech Talent Charter, TechUp Women to look to promote our vacancies.
- Atom has responded to the challenge of COVID-19 and released its balance sheet to support the economy, with £344m of applications received for our secured lending CBILS product which we introduced in under 6 weeks.
- We have now concluded the build, and are ready to deploy, 'Portal Lite', the first iteration of our Next Generation Broker Portal to our intermediary partners.
- We have made a commitment to adhere to the Standards of Lending Practice for all business lending customers and have become an interim registered firm with the Lending Standards Board.

Assessment Period 5 (October 1st, 2020 – December 31st, 2020)

COMMITMENT TO OWN FUNDS MULTIPLIER

Original Commitment:

Atom will spend £1.50 of its own funds for every £1 received from BCR.

Updated Commitment:

Atom will spend at least £1.50 of its own funds for every £1 received from BCR.

This commitment remains on track.

COMMITMENT TO BRING INNOVATIVE SMART LENDING PRODUCTS TO MARKET

Original Commitment:

Atom recognises that the needs of smaller businesses are distinct and different from those of larger firms.

At the core of Atom's proposal are Smart Lending products designed specifically with and for SMEs and underpinned by Atom's unique smart contract technology and machine learning capabilities. Each element of Atom's proposal responds to individual firms' data and behaviour, to better anticipate their financing needs and deliver informed and responsible lending solutions.

Responding directly to what SMEs have told us, Atom's Smart Lending products will include:

**An on-demand working capital facility (delivered in 2020);
Unsecured term lending that responds dynamically to forecast cash flow and financial health (2020);
Access to lending secured over business assets (2021); and
Invoice discounting to provide instant access to cash tied up in outstanding invoices (2021).**

Our industry-leading and cost-efficient operating model will enable us to provide competitively-priced lending, and help make Atom the bank of choice for financing SME cash flow management and growth. In situations where we cannot meet an SME's lending needs we will, with their explicit consent, offer transparent referrals to alternative providers (2021).

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This commitment remains on track. COVID-19 has accelerated the need for lenders to move from how they have historically managed credit risk, to a future state which is reviewing real-time financials. During the last period, Atom has agreed a number of strategic partnerships with fintechs to facilitate our automated decisioning architecture across our lending inventory. The use of such data will facilitate faster, more accurate decisions by facilitating automated eligibility and affordability assessments.

Complementing our existing variable secured lending product, the introduction of a fixed rate product into our lending inventory remains on track for Q1 2021.

New Commitment:

COMMITMENT TO DELIVER A NEXT GENERATION BROKER EXPERIENCE

The economic effects of COVID-19 are set to last for many months and likely years. Whilst these uncertainties exist, Atom believes that many SMEs with relatively complex needs will seek support from expert intermediaries in lending markets. Complementing our direct to market proposition, in early 2021, Atom will launch a digital portal that will enable intermediaries to submit complex secured lending applications on behalf of small businesses and receive indicative eligibility and affordability decisions instantly, and an underwriter-backed decision within 48 hours. Providing automated access to Atom's core banking machine for these complex cases does not necessarily mean that Atom can serve every customer's needs, so this platform will be linked to our digital referral platform so that customers' requirements can be considered alongside a range of alternative lending provision.

This commitment remains on track. We are on target to roll out the MVP build of the portal to our intermediary partners, in early 2021. This initial release is aimed at improving overall user experience with a simplified journey to accelerate the loan application.

Additional features, including the use of Open Banking, accountancy data and the integration of our pricing tool that enables Atom to provide a quote on a secured lending application, often the hardest to quote on quickly, within 60 seconds, is scheduled for delivery in the next quarter.

COMMITMENT TO DELIVER A COMPLEMENTARY DIGITAL TOOLKIT TO SUPPORT UNMET SME NEEDS

Original Commitment:

We will build and implement an extensive roadmap of complementary digital products and tools.

During 2020, Atom will launch a real-time cash flow monitor and long-range financial health tool. Powered by machine learning, it will help SMEs to monitor their finances and anticipate shortfalls or surpluses in cash flow. It will also provide meaningful and actionable insights to help drive efficiency and profitability.

Finding appropriate funding to help turn new opportunities into growth is a key concern for SMEs. From 2021 our digital 'Lending Coach' will provide insight and intelligence to navigate funding options, with personalised prompts and simple actions to undertake every day that help them get credit-ready.

We are also committed to supporting the 'permanent-non-borrowers' that make up 47% of SMEs – those who prefer to self-fund expansion. In 2020 we will offer competitively-priced savings products that integrate with cash flow forecasts and respond to AI-driven nudges and alerts.

Finally, to allow SMEs to get on with the day-to-day running of their businesses, we will develop a range of digital tools including invoice management (2022); investment appraisal (2021) and scenario planning to visualise the impact of delayed or accelerated payments (2021).

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This commitment remains on track.

COMMITMENT TO ADDRESS DISCOURAGED DEMAND AND ENHANCE THE FINANCIAL WELLBEING OF SMEs

To ensure small businesses have the confidence to seek the external finance that is right for them, our proposal will include:

A rapid and frictionless onboarding process that captures financial aspirations, and generates bespoke customer solutions;

Seamless API integration with existing bank accounts and accounting software;

A simple visualisation of financial health, giving SMEs time to focus on their business;

Use of alternative performance data to assess under-served 'thin-file' applicants;

A simple fee structure and tailored repayment plans so SMEs can borrow with confidence.

Our proposition development will also be informed by the outputs of our partnership with Newcastle University's FinTrust programme, the focus of which is to avoid unintended bias and reduce financial exclusion.

This commitment remains on track. Over the period we have sought to introduce customer provisioned cloud and on-premise accountancy data into our back office processing; facilitating hassle-free annual account reviews with instant verification of business trading history and performance.

We have continued our engagement with the Lending Standards Board (LSB) to assess opportunities to enhance our product and servicing offering. We continue to recruit small business owners to join our closed online community 'The Kitchen', where we are actively engaging in both product design and our broader roadmap.

COMMITMENT TO TRANSFORM SME BANKING

Original Commitment:

Atom will help SMEs to secure finance, and materially address the funding gap in the market by delivering an additional £3bn of business financing by March 2024.

We will set a new standard for customer experience in the sector and work to replicate our personal customer Net Promoter Score of +74 for the benefit of SMEs.

Atom will also cater for savers, but stand ready to support them with Smart Lending solutions when their needs or ambitions change. We have set a goal of opening an additional 88k business savings accounts by March 2024.

Atom will package its SME proposition in a free-to-download and use application. Available to all SMEs, we forecast that this will benefit in excess of 340k by 2024 and provide them with data insights valued at c.£150m per annum.

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This commitment remains on track. We continue to respond to the challenge of COVID-19 and to support small businesses at this difficult time. Having closed applications to businesses in September in order to ensure that there was no customer detriment associated with the strict deadlines imposed on the offer and subsequent drawdown of facilities, we have now re-opened for applications for our secured lending CBILS product.

We continue to work towards setting a new standard for customer experience in business lending. A survey to understand customers' purchase experience and to establish a net promoter score baseline for the BCR programme going forward was completed in the period and yielded a score of +40.

COMMITMENT TO PARTNER WITH INNOVATIVE SMEs

Atom has a proven track record of partnering with UK FinTech and other innovative SMEs. In delivering our bid commitments we will extend these partnerships to include at least a further 10 SMEs.

This Commitment is on track. To date Atom has partnered with five new innovative UK SME companies to help support and deliver our bid commitments and anticipates agreeing and announcing additional strategic partnerships in early 2021.

COMMITMENT TO CREATE 70 NEW JOBS IN NORTH EAST ENGLAND

On top of the 348 roles we have already created in the North East, we will add an additional 55 high skilled jobs and 15 graduate and apprentice roles in Durham.

We are committed to changing the balance of who works in finance and technology. Atom already supports seven initiatives to boost inclusion and employment among under-represented groups, and we will use these initiatives to help us fill these roles.

This Commitment is on track. Atom remains committed to creating high quality jobs in the North East of England, including roles in Data Science and Engineering. To date 22 people have joined Atom directly supported by the BCR funding, including 6 graduates.

COMMITMENT TO DELIVER TRANSPARENCY TO THE BCR AND PUBLIC

We will provide quarterly progress reports and access to our real-time cloud hosted programme dashboards to the BCR, together with a transparent product roadmap and quarterly updates on our public website.

Atom continues to publish BCR Commitments Updates to our website, including in this quarter, the release of our transparent product roadmap so that a wider group of stakeholders can monitor our progress.