

Atom Bank - £10M Award

CIF Key Achievements to Date

- Atom has responded to the challenge of COVID-19 and released its balance sheet to support the economy, with over £1bn of applications received for our secured lending CBILS and RLS products.
- As of 31st December 2021, £257m of BCR attributable secured lending has been completed, significantly outperforming our stated 2021 targets.
- We have deployed the build of 'Portal Lite', the first iteration of our Next Generation Broker Portal to our intermediary partners.
- Achieved a market leading customer Net Promoter Score (NPS) of +88. This is the highest score we have ever received for any product since we launched Atom in 2016 and surpasses our 2025 BCR target. Reflecting on our response to COVID-19, our service under the CBILS and the release of Portal Lite, a +61 intermediary NPS score was received.
- 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.
- Delivered our first fixed rate business lending product, to provide consumers with the ability to benefit from the certainty of fixed payments as we approach a rising interest rate environment.
- 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.
- Atom has introduced a range of open data capabilities, including Open Banking and Accountancy, into our stack facilitating automated underwriting assessments, real-time decisions and improving the customer experience compared to traditional paper based processes.
- 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 35 people have joined Atom, including 7 graduates.

Assessment Period 9 (October 1st, 2021 – December 31st, 2021)

These Public Commitments are based on Atom Bank's Revised Business Case which was approved in October 2020. The former Public Commitments, including rationale for the changes can be viewed

[here](#).

COMMITMENT TO OWN FUNDS MULTIPLIER

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

As a result of some of the delays described below, the spend profile is not aligned with the 1.5 funds multiplier detailed in our business case. Over the first half of 2022, this will be corrected.

COMMITMENT TO BRING INNOVATIVE SMART LENDING PRODUCTS TO MARKET

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:

**Access to lending secured over business assets (2021);
Unsecured term lending that responds dynamically to forecast cash flow and financial health (2021);
An on-demand working capital facility (delivered in 2021); and
Invoice discounting to provide instant access to cash tied up in outstanding invoices (2022).**

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).

This commitment is not currently on track. During the Q4 2021, we successfully delivered our first fixed rate business lending product to provide consumers with the ability to benefit from the certainty of fixed payments as we approach a rising interest rate environment.

Whilst we have concluded the design of our unsecured proposition, we have informed BCR that delivery and velocity challenges with third-party partners has resulted in the delivery of our Next Generation Broker Portal being impacted. Releases of new product inventory are subject to replanning.

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 is not currently on track. We continue to develop our Next Generation Broker Portal, and over the previous assessment period have onboarded alternative third-party delivery partners to

help facilitate a series of production releases to enable earlier benefit realisation for customers and brokers following the previously reported delay. The first of these releases are anticipated to be delivered in Q1 2022.

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

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

During 2022, 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 2023 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 2021 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 (2024); investment appraisal (2024) and scenario planning to visualise the impact of delayed or accelerated payments (2024).

This commitment is not on track. Whilst we have begun to mobilise a programme of work to deliver our first business savings product, this remains subject to delay into 2022.

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. We continue our engagement with the Lending Standards Board (LSB) to assess opportunities to enhance our product and servicing offering, including customer vulnerability management, as we seek to move to full registration in Q1 2022.

We continue to use customer provisioned cloud and on-premise accountancy data in our credit lifecycle; enabling instant verification of business trading history and performance, reducing reliance upon outdated Companies House data and manually submitted management accounts where possible.

During Q4 2021, our Open Banking capability was delivered, facilitating faster decisions by automating affordability assessments and manual processes, and mitigating the risks associated with lagging data.

COMMITMENT TO TRANSFORM SME BANKING

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 2025.

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 2025.

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 2025 and provide them with data insights valued at c.£150m per annum.

This commitment remains partially on track. Atom continues to deliver timely and affordable lending into the market and provides exceptional, market leading levels of customer service.

As of 31st December 2021, we have completed £258m of BCR attributable Secured Lending, surpassing both our stated additional secured lending target for 2021 and 2022, and our aggregate 2021 lending volumes. We expect this strong performance to continue in Q1 2022, with an additional £50m subject to formal offer during the Q4 2021 assessment period and awaiting drawdown as we continue to support small businesses with affordable finance as they look to recover and grow following the disruption of the COVID-19 pandemic.

Through RLS, we are offering secured loans from £250,000 up to £2m, subject to eligibility criteria, via our network of independent brokers across the UK. At the end of 2021, we have issued 1,056 RLS quotes via our Quick Quote tool worth c.£830m and received applications at a value of c.£340m.

Owing to delays associated with our deposits roadmap, we have missed the target for savings accounts opened in 2021.

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 signed commercial relationships with seven innovative UK SME companies, including strategic partnerships with Plaid, Credit Kudos and Codat to help support and deliver our bid commitments with more planned in early 2022.

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 35 people have joined Atom directly supported by the BCR funding, including 7 graduates. Significant additional recruitment is currently ongoing in our teams including roles in Engineering, Risk and Operations. We have in excess of 50 vacancies currently across Atom, including those associated with our BCR programme and have enjoyed a 500% increase in applications for open roles following our announcement of a four-day week. All open roles are available to view on our website.

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.

This commitment remains on track. Atom continues to publish BCR Commitments Updates to our website, including via our transparent product roadmap and online business community, 'The Kitchen' so that a wider group of stakeholders can monitor our progress.