

Atom Bank - £10M Award

Key Achievements to Date

- Atom has responded to the challenge of COVID-19 and released its balance sheet to support the economy, with over £1.7bn of applications received for our secured lending CBILS and RLS products.
- We have been accredited for the third phase of the British Business Bank's Recovery Loan Scheme, the first non-high street lender to begin lending under the programme.
- As of 30th September 2022, £351m of BCR attributable secured lending has been completed, with an additional £70m in the pipeline.
- 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.
- 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. This addition allows brokers offering secured business loans to self-assess and create an indicative quote within the portal before submitting an application.
- Delivered our first fixed rate business lending product, to provide consumers with the ability to benefit from the certainty of fixed payments as we enter 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 into our stack, including Open Banking and Accountancy, facilitating automated underwriting assessments, realtime decisions and improving the customer experience compared to traditional paperbased 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 the reduction of 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, associated with our BCR programme, 43 people have joined Atom, including 7 graduates.
- We have achieved full registration of the Lending Standards Board (LSB). Registration with the LSB further confirms this commitment — beyond our regulatory obligations — to treating customers fairly and providing responsible lending outcomes throughout the product life cycle.

Assessment Period 12 (July 1st, 2022 – September 30th, 2022)

These Public Commitments are based on Atom Bank's Revised Business Case which was approved in November 2022. 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.

This commitment is on track.

Original Commitment

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).

Rationale for change:

Since receiving the CIF award in August 2019, Atom has been focused on supporting small businesses with the provision of fair and affordable lending, releasing its balance sheet to support the UK economy. However, our latest external economic indicators point to a significantly different and more challenging macroeconomic climate than at the submission of our previous business case in September 2020, and accordingly our Revised Business Case reflects a review of our asset class mix to reflect the latest outlook, and a decision, at this stage, to not proceed with those areas, specifically Invoice Discounting and Working Capital, where we have limited previous experience.

We are acutely aware that whilst personal savers are finally being offered better rewards from their providers after years of low interest rates, the same cannot be said of business customers – with interest rates that lag significantly behind the Bank of England Base Rate and those offered by larger institutions to personal savers. We will look to address this with a range of competitively priced savings products in 2024.

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We are also committed to supporting the 'permanent-non-borrowers' that make up almost half of SMEs – those who prefer to self-fund expansion. In 2023 we will offer an instant access product, with fixed and notice accounts due to follow in 2024.

This commitment is on track. In Q3 2022, we progressed propositional enhancements of our secured lending product, including release of a Fixed Rate product switch, to assist customers looking to fix their lending in the face of rising interest rates. Moreover, we also applied for and received accelerated accreditation for the Recovery Loan Scheme Phase 3 (RLS 3.0) to allow us to continue to support small businesses access the finance they need to grow and invest.

Original 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.

Rationale for change:

The broader delays connected to this commitment have led to a review of scope and we will no longer be proceeding with our digital referral platform in the time horizon associated with the BCR window, instead focussing on the build of product inventory - as detailed in the other commitments above - to ensure that the needs of SMEs are met.

New Commitment

COMMITMENT TO DELIVER A NEXT GENERATION BROKER EXPERIENCE

The UK economic outlook has deteriorated, with heightened inflation, subdued growth and the largest energy shock since the 1970s. 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.

This commitment is on track, with focus on exploring case management and workflow solutions to underpin the entirety of our lending inventory. Additional incremental releases, including the amendment of our application journey to introduce an 'Agreement in Principle' were completed in the latest quarter.

Original Commitment

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).

Rationale for change:

Our updated product roadmap reflects Atom's understanding of the changing priorities of UK small businesses against a backdrop of the macroeconomic challenges. Whilst we remain fierce proponents of Open Data and are committed to its usage within our broader product set, reflecting the executional challenges associated with the delivery of a complex build in the abridged time horizon and changes with key strategic partners, we are rationalising the scope of our data-led experience and removing our previous commitment to deliver a complementary digital toolkit. Instead, our roadmap has been reprioritised to ensure that Atom builds out those lending and savings products that will make the biggest positive difference to SME outcomes as they navigate an almost unprecedented period of insecurity.

This includes supporting the crucial role small businesses can play in driving the changes required in the UK's transition to a net zero economy. Banks are the first charge holders over substantial proportions of the UK's real estate stock and the source of finance for most industrial, infrastructure and property development activity; we are therefore uniquely placed to support sustainable growth and prosperity across the UK, by enabling access to finance for small businesses to reduce their environmental impacts. This is now reflected in our new commitment to accelerate the transition to net zero.

New Commitment

COMMITMENT TO ACCELERATE THE NET ZERO TRANSITION

Atom is a signatory to the UN's Climate Neutral Now pledge, and is committed to being a carbon positive business by 2035.

The UK's 5.6 million SMEs are responsible for emissions of more than 120 million tonnes of carbon dioxide equivalent per year - half of UK business driven greenhouse gas emissions. Reducing carbon emissions, mitigating environmental impacts and minimising waste is a high priority among half of businesses, and in many instances, businesses will be able to improve environmental outcomes and their growth ambitions through the same actions.

Atom will look to support the 1 in 5 SMEs currently open to using finance for environmental actions with Green Lending products from 2024, and to speed the net zero transition for real estate we will offer discounts on commercial properties with EPCs rated A, B or C from 2023.

Measurement is the first step for all businesses to understand and reduce their environmental impact. We will support all our customers who wish to understand their scope 1 and 2 carbon emissions and publish all our own scope 1-3 emissions from 2023 and all our funded emissions from March 2024.

The commitment is on track. In Q3 2022, we released our carbon report, detailing our journey to becoming a carbon positive bank and our strategy to invest for the benefit of the planet by removing carbon from the atmosphere.

Original Commitment

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.

Rationale for change:

The removal of visualisation of financial health is aligned with the rationalisation of the scope of our data-led experience; however, we will continue to use best-in-class Open Sources, including eCommerce and Point of Sale to better assess the creditworthiness of applicants.

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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;
Use of alternative performance data, including eCommerce and Point of Sale 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 the University of Newcastle's FinTrust programme, the focus of which is to avoid unintended bias and reduce financial exclusion.

Atom has also established partnership and Memorandum of Understanding with Durham University which includes a focus on proposition development for SME lending, and, in particular, to support the transition to net zero.

This commitment is on track. In Q3 2022, we are pleased to announce that we became a Registered Firm with the Lending Standards Board, a body dedicated to upholding fair practices in the lending industry. We have always operated on the basis that lending to small business customers should be subject to the highest standards of rigour and control and this registration further enshrines this.

We continue to use user customer provisioned cloud 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.

Original Commitment

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.

Rationale for change:

The amendment volumes associated with this Revised Business Case are in direct response to (1) a significantly different macroeconomic environment compared to our original June 2019 submission and our associated reduced appetite for new asset classes, and (2) the inability to extend the benefits realisation window beyond March 2025.

The removal of Invoice Discounting from our delivery roadmap significantly impacts the headline additional business financing metric due to the nature of the average debtor days and capital recycling, however, both secured and unsecured lending forecast growth are higher than our original

submission. Associated with the previously detailed replacement of our commitment to deliver a complementary digital toolkit, the corresponding benefits have been accordingly removed.

New Commitment

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 £1.5bn 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 business savers, and stands ready to support them with Smart Lending solutions as their needs or ambitions change. We have set a goal of opening an additional 24k business savings accounts by March 2025.

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

As of 30th September 2022, we completed £351m of BCR attributable Secured Lending, surpassing our stated additional secured lending target for 2021 and 2022. An additional £60m of lending is subject to formal offer during the period and awaiting drawdown, with our forecasting suggesting that a further c.£42m of which will complete over the next reporting period.

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 and Codat to help support and deliver our bid commitments.

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 Northeast of England, including roles in Data Science and Engineering. To date 43 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 20 vacancies currently across Atom, including those associated with our BCR programme. 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 is 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.