

Atom Bank (C) – £10m Award

Public Commitments Update – Q1 2023

Key Achievements to Date

- We have responded to the challenge of COVID-19 and released our balance sheet to support the economy, with over £2bn 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.
- In Q1 2023, £423m of BCR-attributable secured lending has been completed, with an additional £150m 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 provide a quote on a secured lending application, 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 our small business app and also completed the underpinnings of our smart lending and savings platform with our strategic partner, Thought Machine.
- We have introduced a range of open data capabilities into our stack, including Open Banking, Accountancy and eCommerce, facilitating automated underwriting assessments, real-time decisions and improving the customer experience.
- 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.
- In Q4 2022, we announced that we were the first UK bank to sign the UN's Climate Neutral Now Pledge, a voluntary agreement to become carbon neutral. This commitment aligns with our previous announcement that Atom will be a carbon positive business by 2035 — going beyond net zero and committing to taking more carbon out of the environment than we are responsible for emitting.
- We are creating high quality jobs in the Northeast of England, including roles in Data Science and Engineering. To date, 44 people have joined the bank, including 7 graduates.
- We have achieved full registration of the Lending Standards Board (LSB) which further confirms our commitment, beyond our regulatory obligation, to treating customers fairly and providing responsible lending outcomes throughout the product life cycle.

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.

COMMITMENT TO BRING INNOVATIVE SMART 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 lending products will include both access to lending secured over business assets (2022) and unsecured term lending that responds to forecast cash flow (2024). 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 and growth.

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 Q1 2023, we progressed propositional enhancements of our secured lending product and have begun early scoping of our forthcoming unsecured lending product.

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 has now been delivered, with five material releases of our Next Generation Broker Portal and associated Quick Quote tool delivered in Q1 2023. Whilst incremental improvements and new feature releases will continue, this marks the successful conclusion of this element of the CIF deliverable.

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 Q4 2023 we announced that we were the first UK bank to sign the UN's Climate Neutral Now Pledge, a voluntary agreement to become carbon neutral and now, ahead of initiatives planned for H2 2023. We are pleased to begin our participation in the Bankers for NetZero initiative, and we are currently looking to build out an additional borrowing proposition for clean buildings, retrofits for commercial buildings and low carbon heating measures in support of this.

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;

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 delivered

In Q3 2022, we announced we became a Registered Firm with the Lending Standards Board, a body dedicated to upholding fair practices in the lending industry.

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

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 at the end of Q1 2023, we completed £423m of Secured Lending. An additional £97m of lending is subject to formal offer during the period and awaiting drawdown, with our forecast suggesting that c.£45m will complete in Q2 2023.

We 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.

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, we have signed commercial relationships with seven innovative UK SME companies, including strategic partnerships with Plaid and Codat to help support and deliver our 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. We remain committed to creating high quality jobs in the Northeast of England, including roles in Data Science and Engineering. To date, 44 people have joined Atom directly supported by CIF funding, including 7 graduates. Significant additional recruitment is currently ongoing in our teams, including roles in Engineering, Risk and Operations. We currently have in excess of 40 vacancies across the bank, including those associated with our CIF programme.

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 CIF Commitments Updates to our website, including via our transparent product roadmap.