

Atom Bank (C) – £10m Award

Public Commitments Update – Q2 2023

Key Achievements to Date

- As of 30th June 2023, £482m of BCR-attributable secured lending has been completed, with an additional £180m in the pipeline.
- Atom has responded to the challenge of COVID-19 and released its balance sheet to support the economy, with over £2.5bn of applications received for our secured lending CBILS and RLS products.
- Atom has deployed the build of ‘Portal Lite’, the first iteration of its Next Generation Broker Portal to its intermediary partners and, as of Q2 2023 continues to release new features.
- Atom is creating high quality jobs in the North East of England, including roles in Data Science and Engineering. As of the 30th June 2023, supported by the BCR programme, 46 people have joined Atom, including 7 graduates.
- Atom announced in Q4 2022 that it was the first UK bank to sign the UN’s Climate Neutral Now Pledge, a voluntary agreement to become carbon neutral. This commitment aligns with its 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 it is responsible for emitting. In Q2 2023, we partnered with emissions insight specialists Alectro to better understand the impact that our business, employees and suppliers are having on the planet.
- Atom was accredited for the third phase of the British Business Bank’s Recovery Loan Scheme in Q3 2022, the first non-high street lender to begin lending under the programme.
- Atom achieved full registration of the Lending Standards Board (LSB) in Q3 2022. Registration with the LSB further confirms its commitment, beyond its regulatory obligation, to treating customers fairly and providing responsible lending outcomes throughout the product life cycle.
- In Q1 2022, Atom built and deployed a radically enhanced pricing engine and quote tool that enables it to provide 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.
- In Q4 2021, Atom delivered its 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.
- Atom has introduced a range of open data capabilities into its stack, including Open Banking, Accountancy and eCommerce, facilitating automated underwriting assessments, real-time decisions and improving the customer experience compared to traditional paper-based processes.

- Atom is working with Newcastle University, the Federation of Small Businesses and the NE Chamber of Commerce on the build out of its proposition and the reduction of financial bias in lending decisions.
- Since receiving the BCR grant, Atom has built the underlying infrastructure for its small business app in partnership with our strategic partner Thought Machine. It has also completed the underpinnings of its smart lending and savings platform with Thought Machine.

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 partially on track, with our business savings product subject to delay. In Q2 2023, we progressed a series of propositional enhancements of our secured lending product, commencing work associated with the discovery and build of both our unsecured lending and instant access savings product.

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 Q2 2023, as part of our journey to becoming a carbon positive bank, we partnered with emissions insight specialists Alectro to better understand the impact that our business, employees and suppliers are having on the planet. We have continued the development of both our green lending product and the data capability to support all our customers who wish to understand their scope 1 and 2 carbon emissions.

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 with a Net Promoter Survey Score of +43 for Q2 2023.

As of 30th June 2023, we have completed £482m of BCR-attributable Secured Lending. An additional £87m of lending is subject to formal offer during the period and awaiting drawdown, with our forecasting suggesting that c.£60m of which will complete in Q3 2023.

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. As of Q2 2023, 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 North East of England, including roles in Data Science and Engineering. As of Q2 2023, 46 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 currently have in excess of 40 vacancies 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 remains on track. Atom continues to publish BCR Commitments Updates to our website, including via our transparent product roadmap.