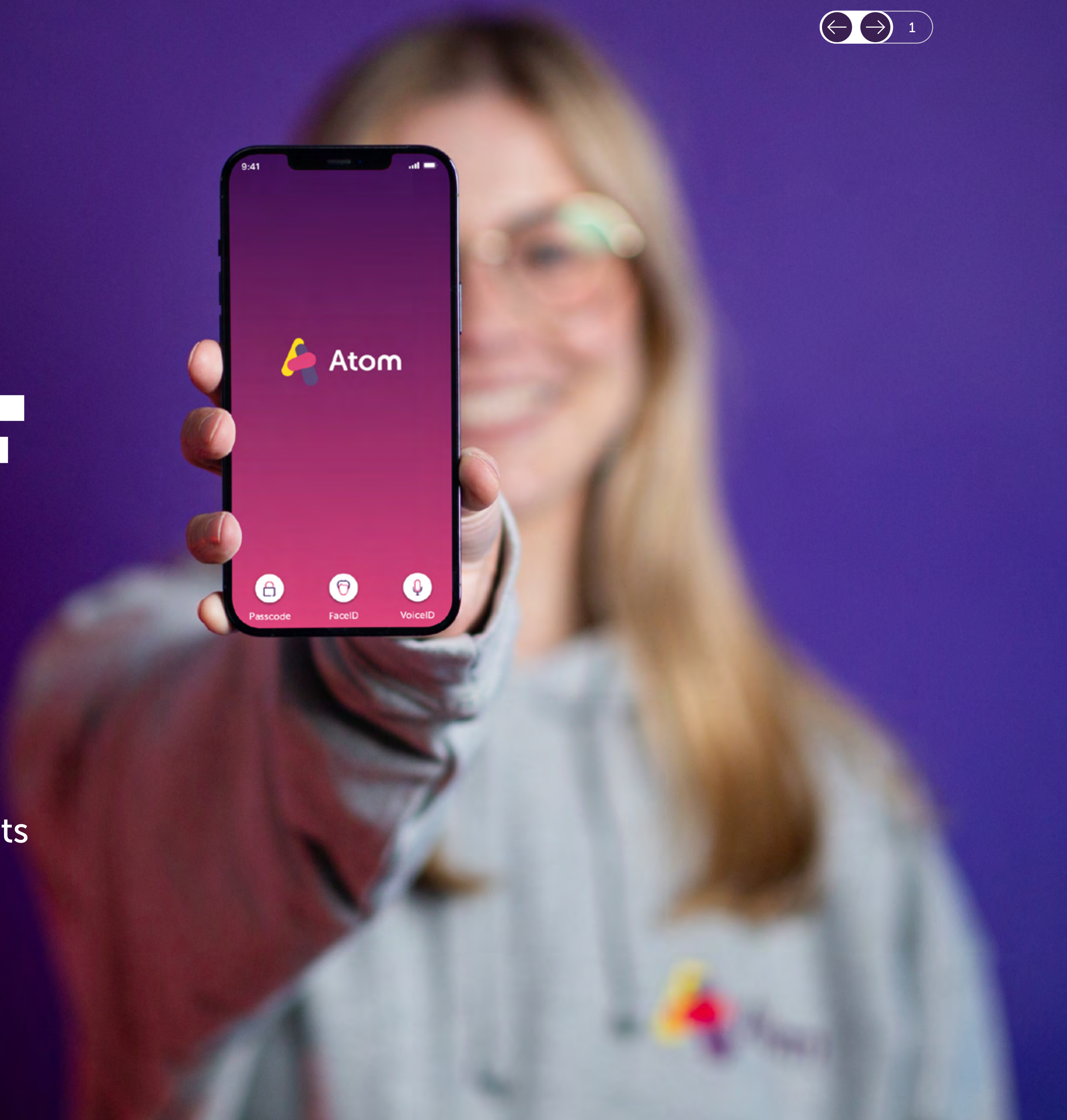
Atom bank

ANNUAL REPORT 2024/25



Atom Holdco plc

Consolidated Financial Statements

CUSTOMER GROWTH

19%

OPERATING PROFIT

£25m

THE UK'S MOST TRUSTED BANK

4.9
Trustpilot

(Correct as of 10/07/2025)

BETTER VALUE FOR CUSTOMERS

52%

MORE INTEREST

on an Atom Instant Savings account v the market average for the financial year

OUTSTANDING LENDING GROWTH

29%

AND DEPOSITS GROWTH

31%

NET PROMOTER SCORE

+89

Strategic Report
Directors' Report
Financial Statements

Registered office

Atom Holdco plc
The Rivergreen Centre
Aykley Heads
Durham
DH1 5TS

The terms "Atom", "the Bank" and "the Group" refer to Atom Holdco plc together with its subsidiaries. "the Parent" and "the Company" refers to Atom Holdco plc (company number 14129045).

The term "Board" refers to the board of directors of Atom Holdco plc and/or Atom bank plc from time to time. The term "Director" means a director of Atom Holdco plc and/or Atom bank plc.

Effective March 20, 2025, the legal name of the company changed from Atom Holdco Limited to Atom Holdco plc. This change reflects the company's re-registration as a public limited company under the Companies Act 2006.

This Annual Report contains general information about Atom and is intended for informational purposes only. Atom has taken all reasonable care to ensure the information and facts contained in this Annual Report are accurate and up-to date but any reliance placed on this Annual Report is done entirely at the risk of the person placing such reliance.

The information contained in this Annual Report does not constitute an invitation or inducement to engage in investment activity in connection with any security or financial instrument issued by or on behalf of Atom.

This Annual Report includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should", or their negative variations or comparable terminology, or by discussions of strategies, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts.

They appear in a number of places throughout this Annual Report and include statements of the intentions, beliefs or current expectations relating to the results of operations, financial condition, liquidity, prospects and growth of Atom and the sector in which it operates.

Forward-looking statements involve known and unknown risks and uncertainties because they relate to events, and depend on circumstances, that may or may not occur in the future and that may be beyond Atom's control. Forward-looking statements reflect the current views of Atom with respect to prospective events, and are not guarantees of future performance. Many factors could cause Atom's actual performance to differ materially from the prospective performance expressed or implied by such forward looking statements. Some of these factors are described in more detail in this Annual Report. In addition, even if the results of operations, financial condition, liquidity, prospects, growth, strategies, dividend policy and the development of the sector in which it intends to operate, are consistent with the forward-looking statements in this Annual Report, those results or developments may not be indicative of results or developments in subsequent periods.

The directors of Atom undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Recipients of this Annual Report should consider all forward-looking statements in the light of these explanations and should not place undue reliance on such statements.

References to "the year", "the period" and "FY25" refers to the financial year from 1 April 2024 to 31 March 2025. References to "FY24" refers to the financial year 1 April 2023 to 31 March 2024. References to "2025" shall mean the calendar year from 1 January 2025 to 31 December 2025. References to "2024" shall mean the calendar year from 1 January 2024 to 31 December 2024.

CONTENTS

Jump to:

STRATEGIC REPORT

Jump to:

CHAIRMAN'S STATEMENT

Lee Rochford

Chairman

It's been a busy year at Atom, one in which we've achieved our financial targets and delivered our business plan

We also became the UK's No.1 Bank on Trustpilot – overall, for mortgages and now also for savings.

4.9 Trustpilot

We launched our **NEW REWARD SAVER.**

We completed a successful Tier 2 transaction together with our 6th mortgage securitisation through our Elvet platform.

We strengthened our business continuity and resilience, and maintained strong capital & liquidity surpluses throughout.

And we strengthened the management team with the addition of a new Chief Risk Officer and Chief People Officer.

It's also been a busy year in banking

Nationwide acquired Virgin Money and Coventry bought Co-op Bank. Big firms with IRB waivers continue to dominate the deepest revenue pools in UK retail banking. Their valuations have progressed strongly as they leverage their capital advantages and harvest the benefits of their structural hedges. These acquisitions further entrench the dominance of high street brands and raise questions about the enduring competitiveness and appeal of sub-scale universal banks.

In the last year, Tier 1 banks have continued to offer paltry savings rates and have barely increased lending. It's increasingly unclear what role these firms are playing in driving better customer outcomes or supporting UK economic growth. By contrast and in spite of our relative youth and small scale, Atom is punching well above its weight.

Our Regulators have not been idle. The second phase of FCA Consumer Duty protections took effect from July of 2024 and the PRA published their long awaited 'near final' Basel 3.1 rules. If the first of these was neutral for Atom - given our demonstrable customer focus and reputation - then the second makes for less than positive reading. At the time of writing, significant Basel 3.1 uncertainties persist. These have the potential to impede lending growth, particularly among the very challenger banks that have done more to support small businesses and lending growth in the real economy than any other banking segment.

Economic and Political Outlook

The new UK government has declared a focus on economic growth, with a particular emphasis on competition and productivity. It's a welcome message for all growth companies but it arrives against a backdrop of global trade and energy price volatility. This has the potential to divert focus and to create inflationary, interest rate and credit risk headwinds for the sector. However, in spite of the present turbulence, we remain confident there will be opportunities for the nimble and fleet of foot. We see no short term ceiling to our growth potential.

In common with businesses all over the world, we continue to monitor the evolving 'hype-cycle' surrounding AI. Apocryphal predictions about mass layoffs and extravagant valuations to one side, this is more than smoke and mirrors. We have moved quickly to respond by combining and enlarging our AI and Data Management teams under new leadership. We have extended AI tools to all employees and already we are implementing changes to increase operational leverage. The pace at which banks can adopt and adapt to these new technologies will in part be determined by whether our Regulators can keep pace – ours is after all a rules-based regime – but also by the extent to which factors such as company culture or technical debt and legacy either inhibit or facilitate transformation. We are very optimistic about the potential of AI to supercharge our strategy.

Changes to the Board

In recent months, the Board has welcomed new representatives from Tosca, Fabrizio Cesario, and from BBVA, Murat Kalkan. They succeed Johnny De La Hey and Alicia Pertusa respectively. We are indebted to Johnny and to Alicia for their years of support and guidance and we wish both of them well in their future pursuits. This next year will also mark the departure of Andrew Marshall, CFO and Executive Director. With the firm for more than 9 years, Andrew has been instrumental in helping us to drive our strategy and realise our goals. He leaves us to follow a career opportunity outside the sector and does so with our sincere thanks and best wishes for the future.

Looking Ahead

We are well advanced in our plans to relocate our headquarters to the Pattern Shop in Newcastle city centre. This is an important investment in the future of the franchise and one that will help us to drive delivery of the business plan and the realisation of our strategic vision. We expect this project to complete in September this year. In the months ahead, we will maintain our focus on key change initiatives. Together these compliment and facilitate the delivery of our business plan, namely:

- Leveraging AI and automation to create innovation and efficiency
- Introducing new savings products and services
- Delivering our planned Internal Ratings-Based (IRB) programme

In April 2024 we celebrated our 10th anniversary. In this last decade we have made extraordinary progress. We have created a robust and profitable banking platform with a clarity of strategy led by a highly motivated team and supportive shareholders. We are on a clear course to deliver the shareholder value and the promise of our founding vision. Let me conclude by thanking our shareholders and my fellow board members for their continued energy and support.

Thank you

Lee Rochford
Chairman
10 July 2025

Mark Mullen

Chief Executive Officer

CHIEF EXECUTIVE'S REVIEW

We began the year with five key objectives against which to measure our progress:

1. To outperform the sector in growth and profitability
2. To be one of the UK's most recommended companies
3. To be one of the UK's best places to work
4. To achieve excellence both in our governance and our culture
5. To make a positive contribution to our community and to our environment

We've made strong progress against these objectives, but we have plenty more work to do

We have consistently demonstrated that we can outperform the sector in our growth rates and do so while maintaining profitability. Profitability growth momentum will take longer to achieve because although ours is an asset-led strategy, we try to strike a fairer balance between the value we offer both our savers and our borrowers. For Atom, long term sustainable profitability requires that we remain focussed on lower risk opportunities, invest in our operational efficiency, diversify our funding and develop our credit risk ratings system. We have no desire to compete at the periphery of the market – ours remains a mainstream, prime focus.

£4.2bn Mortgage balances An increase of 31% (FY24: £3.2bn)	**£834m SME Secured Loans** An increase of 38% (FY24: £605m)
£7.5bn Deposits An increase of 31% (FY24: £5.7bn)	**£2.2bn Instant Saver Reward balances**
272k Customers An increase of 19% (FY24: 230k)	**£102m Net Interest Income** (FY24: £100m)
£25m Operating profit (FY24: £27m)	**£5m PBT** (FY24: £7m)

4.9

Trustpilot

We aim to be one of the UK's most recommended companies.

Atom has built a reputation for delivering outstanding customer experience and customer service. We are now the highest rated UK bank on Trustpilot. We have also maintained our 5* ratings across both iOS and Android and delivered our highest Net Promoter Score (NPS) of +89. We will continue to make things faster, easier and better value for money for our customers.

Our efforts have been very widely recognised around the profession and we're particularly proud of winning the Best Online Lender at the What Mortgage Awards for the 7th year in a row. We've also been named "Best Bank" in Smart Money People's Mortgage Lender Benchmark H1 & H2 2024 and we hold the Feefo Gold Trusted Service Award and Exceptional Service badge.

what MORTGAGE AWARDS - 2024 -

FY25 milestones

Mar 24 – Atom's 10 year anniversary

Apr 24 – Atom Futures Fund launched

May 24 – Reach £1bn in commercial mortgage completions

Jun 24 – Named "Best Bank" in Smart Money People's Mortgage Lender Benchmark survey for first time

July 24 – Best Online Lender at What Mortgage Awards for the 7th year in a row

Sept 24 – Digital Mortgages by Atom bank re-brand and website launch

Oct 24 – Instant Saver Reward launch / Announced the purchase of Poppy's wood in Morpeth

Oct 24 – Became the UK's most trusted bank on Trustpilot

Oct 24 – £50m Tier 2 Capital Raise

Dec 24 – Lending balances exceed £5bn.

Feb 25 – Sixth Elvet Securitisation issuance

Mar 25 – Agreement to move to the Pattern Shop

Pattern Shop HQ Move - September 2025

Sept 25

References to 'Operating profit' throughout this report reflect the 'Profit before other charges' caption in the Statement of Comprehensive Income, with no changes.

Strategic Report

Directors' Report

Financial Statements

To be one of the UK's best places to work

Culture sits at the heart of any ambitious brand with aspirations to scale and prosper in the long term. Get it right and it's a currency that binds colleagues and customers together and creates better outcomes for everyone. From our earliest days we have been creating a culture of openness and of trust at Atom. We pioneered a 4-day working week, we offer our colleagues the flexibility to work how and where they are most productive, and we empower them to deliver.

Late last year we welcomed Ayshea Robertson as our new Chief People Officer and in February, we announced that we are relocating our HQ to the iconic Pattern Shop, Stephenson's rail works in Newcastle City Centre – a move that is due to complete in September of this year.

We continue to win recognition for our approach to the future of work. Our own employee engagement is 77%. We are Highly Commended in the Top 1% Workplace Awards for the best DE&I initiative and recognised among the World's Happiest Workplaces by Work. We have won the Better Health at Work Maintaining Excellence Award and featured among Flexa's Top 100 Most Flexible Companies 2024. Later this year we plan to participate in the Greatest Places to Work survey as we look to benchmark and compare ourselves to the UK's best employers.

Outstanding governance and culture

As we continue to grow, we have further enhanced our excellent risk-management culture, our operational resilience and our customer outcomes framework and governance. We have maintained very close control over credit quality, ending the year with just 0.5% of residential loans in arrears or subject to forbearance measures. This figure is just 0.7% across the whole portfolio, including business lending.

Following the retirement of Chris Sparks, we recruited the highly experienced Gareth Jones to take on the Chief Risk Officer responsibilities and to assume executive leadership of our IRB Programme.

We are completing the engineering of our Gen2 IRB models and preparing our Phase 2 IRB application for submission by the end of the year. We are also continuing to invest in our resilience and in our compliance control environment.

We continue to have positive engagement with Regulators and with Government regarding the importance of creating a level playing field, of promoting competition in banking, of fuelling growth and of driving better customer outcomes.

Creating a positive legacy for our community and our environment

Beyond the confines of banking, we have taken big strides to further reduce our impact on the planet as we pursue the most ambitious climate commitment of any UK bank. We also want Atom bank to be at the forefront of driving sustainable economic growth within the community. This year we continued to create even more opportunities in our local community to ensure we foster the wealth of talent that choose to live here.

Atom Futures Fund

We launched the Atom Futures Fund to encourage and support sixth form students from low-income backgrounds or those who are in the care system to apply to Russell Group universities.

Climate positive

We are delivering on our pledge to become a climate positive bank by 2035 - a pledge that includes both operational and all financed emissions associated with our lending, making us the first UK bank to make this commitment.

New woodland

We bought 25 acres of new woodland in Northumberland to account for all of our operational emissions since founding.

Women in Technology

We are funding two new scholarships to Durham University's Women in Technology programme, supporting the next generation of leaders in technology.

Natural capital projects

As part of that pledge we have invested in natural capital projects. Supporting the sale of Biodiversity Net Gain (BNG) units to property developers is key to allow them to deliver the homes we require and a net positive position for the environment.

Kamma partnership

We have partnered with Kamma to launch the Retrofit Explorer tool, helping households to improve energy efficiency and cut costs.

Concluding Thoughts

Our priorities for the year ahead have never been clearer:

1. We must hit our financial targets and continue to support the growth of our profitability.
2. We must expand our savings range to support our growth and reduce our cost of funds.
3. We must complete and submit Phase 2 of our IRB application.
4. We must take full advantage of machine learning and generative AI tools to create a smart and efficient business model.
5. We must safely relocate our headquarters from Durham to Newcastle and use the move to re-engage and re-energise the team.

These are stretching but achievable goals and we are determined to deliver. Let me finish by thanking my board colleagues, my leadership team and our shareholders for their support and investment. And last but never least – let me thank our customers for entrusting us with their finances.

Mark Mullen
Chief Executive Officer
10 July 2025

Marcus Mitchell
Director of Strategy

BUSINESS MODEL, STRATEGY AND PERFORMANCE

Atom has built a simple, highly automated, and low-cost digital bank

This model is focussed on serving the distinct needs of homeowners, business owners, and savers. These substantial and profitable markets are ripe for disruption, as incumbent high street lenders still dominate them. Atom's faster, easier, and better-value proposition positions the bank to capture significant market share and develop a large franchise delivering superior outcomes for all stakeholders.

Retail deposits are offered through a range of instant access and fixed-rate savings products. These deposits help fund our lending in residential mortgages and secured and unsecured loans to Small and Medium-sized Enterprises (SMEs). Atom originate these loans both organically and through flow agreements with other specialist lenders.

These products provide access to large, profitable markets and opportunities to create a competitive advantage by digitalising and automating account opening and servicing processes. This allows Atom to offer a faster, easier, and better-value proposition.

Atom's business model is designed to avoid the costs and operational complexity associated with transactional banking products like current accounts or credit cards. These products are expensive to run and unnecessary for accessing the UK banking market's most profitable parts: residential mortgages and SME lending.

In addition to the core retail deposit and lending activities, Atom generates wholesale funding via issuance of Residential Mortgage-Backed Securities (RMBS) under the Elvet brand. Atom also deploys excess retail funding into asset classes with attractive rreturns and has established several flow agreements with strategic partners.

EASIER

FASTER

BETTER VALUE

Atom's strategy is to build a business capable of large scale, with the objective of significantly expanding market share in our key markets: retail deposits, residential mortgages, and lending to SMEs

Atom is aggressively pursuing this growth by continuing to digitalise and automate the customer onboarding and service processes. This isn't just about modernisation; it's a deliberate approach to ensure that as the bank acquires a large volume of new customers, the cost to serve each additional customer remains exceptionally low.

This focus on a low marginal cost per new customer is crucial because it creates powerful operational leverage. As business and lending volumes grow, fixed and semi-fixed operational costs will decrease proportionally per pound lent. This inherent cost advantage is a cornerstone of Atom's plan. It will enable us to offer more competitively priced and better-value products to our customers, which in turn will fuel our ambitious customer acquisition and retention targets. Ultimately, this strategy of scaling efficiently is designed to rapidly grow profitability and generate attractive, sustainable returns on equity. Atom is building a bigger business to deliver significantly larger profits and returns.

Atom is also pursuing an application with the Prudential Regulation Authority (PRA) for permission to use an IRB approach to calculating credit risk capital requirements instead of the default Standardised Approach. If granted this permission will allow the Bank to accelerate growth by leveraging its automated lending proposition in a wider section of the mortgage market.

Deposits: £7.5bn

(FY24: £5.7bn)

Mortgages: £4.2bn

(FY24: £3.2bn)

SME Secured Loans: £0.8bn

(FY24: £0.6bn)

SME Unsecured loans: £0.2bn

(FY24: £0.3bn)

Measuring Strategic Progress and Business Performance

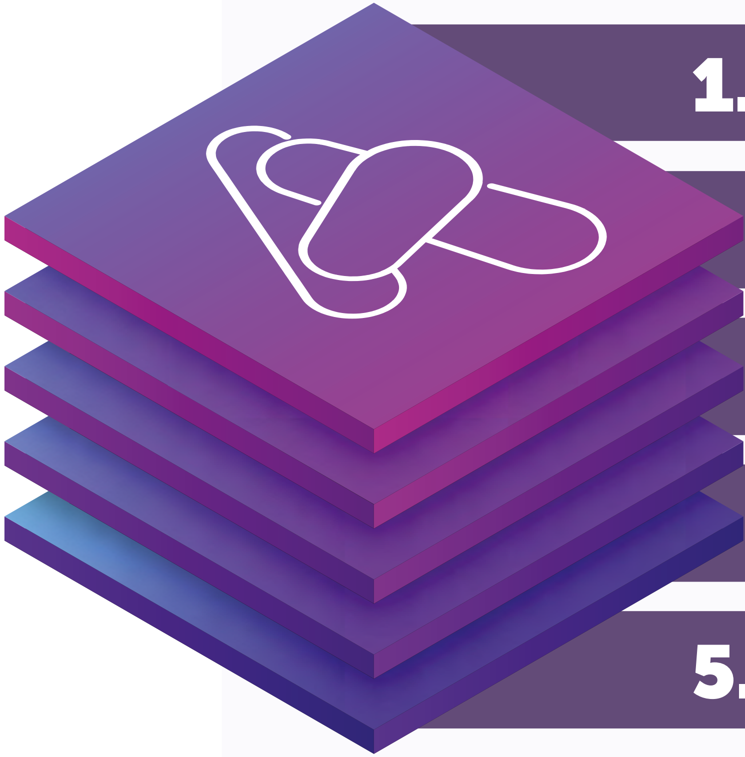
The Board reviews progress against its long-term strategy, setting objectives and financial targets for the year ahead through an annual strategy session and budget process. The Board considers current performance, the effectiveness of supporting processes, market and competitor dynamics, macroeconomic data, and investor trends and sentiment.

Longer-term strategic outcomes are reviewed and set, and targets for the next financial year are agreed upon to ensure management priorities align with the Bank's strategic direction. These long-term strategic outcomes are based on a balanced scorecard approach, considering both financial and non-financial performance. The specific targets for FY25 were aligned with this balanced scorecard.

Performance against these objectives is tracked using diverse metrics and reported regularly at "all-hands" employee events. Formal reporting, including expected outturns and any risks or opportunities to delivery, is presented at each Board meeting.

Individual performance metrics, aligned with the Bank's strategic priorities, are agreed upon for each business function.

Atom's Long-Term Strategic Outcomes:



1. To outperform the sector in growth and profitability
2. To be one of the UK's most recommended companies
3. To be one of the UK's best places to work
4. To achieve excellence both in our governance and our culture
5. To make a positive contribution to our community and to our environment.

On the following pages we outline the context, and Atom's approach and performance in relation to these strategic outcomes.

Strategic outcome: **1** 2 3 4 5 To outperform the sector in growth and profitability

Atom's business model is designed to create long-term and sustainable shareholder returns

Net interest income: £102m

(FY24: £100m)

Net interest margin: 2.2%

(FY24: 2.8%)

Operating profit: £25m

(FY24: £27m)

Profit before tax: £5m

(FY24: £7m)

The business is built for scale, leveraging Atom's digitally native banking platform, fast and effective automated processing, and seamless customer experience.

The Bank's strategy and business model rely on scaling the business at a greater pace than its supporting cost base. The key drivers of Atom's low-cost operating model are:

- Established head office and control functions that do not need to scale in line with customer growth.
- No branch network, operational centres, or contact centres; the business operates primarily from a single office in North East England. All Atom employees are offered hybrid flexible working with a four-day week.
- Highly automated savings origination: 99% of customers open and fund accounts without needing customer support.
- Highly automated mortgage origination: 95% of applications receive automatic accept/decline decisions, and the average time from loan application to offer is just 3 days (FY24: 4 days).
- Simple-to-manage products involving minimal frequent customer contact post-purchase; savings accounts and mortgages can be serviced in our award-winning app.

Atom has delivered its financial targets in FY25.

29% growth in lending assets has supported net interest income of £102m (FY24: £100m). Further income growth was offset by the net interest margin reducing to 2.2% (FY24: 2.8%) as the fixed term deposit book matured and was replenished in a more normalised base rate environment.

Credit risk charges and operating costs remained well controlled despite a volatile macro-economic climate.

As a result the Bank has generated operating profit of £25m (FY24: £27m) and profit before tax of £5m (FY24: £7m).

Strategic outcome: **1** 2 3 4 5 | To outperform the sector in growth and profitability

Net Interest Income

Atom has delivered significant growth in lending and deposits, resulting in Net Interest Income of £102m (FY24: £100m)

Net interest Income has grown to £102m (FY24: £100m). Net interest margin, calculated as NII divided by average total loans was 2.2% (FY24: 2.8%).

Total interest income of £443m (FY24: £443m) was driven by growth in lending, offset by the impact of the run off of the higher yielding business banking unsecured portfolio and lower income from cash held at the Bank of England deposits as interest rates fell and cash was redeployed. Interest earned on loans has grown significantly to £310m (FY24: £227m), with loan book growth of 29% offset slightly by the impact of a lower interest rate environment and a reduction in size of the business banking unsecured portfolio . Throughout the year, Atom has continued to maintain a substantial liquidity surplus to regulatory minimum which has allowed investment in higher yielding treasury assets, driving income of £39m (FY24: £23m).

Total interest expense fell to £341m (FY24: £343m) with lower Bank of England base rates reducing the cost of funding, offset by higher average deposit balances. Atom had £7.5bn (FY24: £5.7bn) of customer deposits, with growth largely driven by the new Instant Access Reward product.

Total interest income:
£443m
(FY24: £443m)

Interest earned on loans:
£310m
(FY24: £227m)

Total interest expense:
£341m
(FY24: £343m)

Strategic outcome: 1 2 3 4 5 To outperform the sector in growth and profitability

Credit Impairment

Credit impairment charges fell to £7m (FY24: £11m) despite significant loan book growth, demonstrating strong underlying credit quality.

Expected credit loss provision coverage rates reduced compared to FY24 across all portfolios. This is the result of the continuing strong performance of the loan book. Although the macroeconomic outlook had improved throughout the period with lower inflation and interest rates, the impact of US tariff announcements led to significant market volatility in March and April 2025. The general macro-economic outlook therefore remains uncertain, as the impacts of tariffs and the potential for a wider trade war escalation feed through to the real economy. There also remains the geopolitical impacts of ongoing conflict in Ukraine and in the Middle East.

0.7% (FY24: 0.7%) of Loans in arrears or forbearance

While UK householders have seen an easing of inflationary pressures during the year, the higher costs of living have been filtering through to homeowners and business owners. This combined with the impact of higher interest rates when remortgaging or securing new loan finance has inherently increased credit risk. In-spite of this, and as a result of Atom's high quality underwriting standards, actual levels of arrears and forbearance remain low.

For mortgages just 0.5% (FY24: 0.3%) of the loan book is in arrears or forbearance measures, while for BBSL loans the proportion has reduced to 0.6% (FY24: 0.9%) following a number of recoveries and redemptions of impacted loans.

Government guarantee schemes account for 47% (FY24: 62%) of Atom's BBSL loan book. Atom has not made any claims under any guarantee scheme.

The BBUL portfolio continues to mature and pay down. The portfolio, originated as part of Atom's partnership arrangements with a third party, has experienced a natural increase in the levels of arrears or forbearance and at the end of the year 4.6% (FY24: 3.6%) of this loan book is in arrears or subject to forbearance measures.

As a result of the above, credit impairment charges of £7m (FY24: £11m) were recorded.

	FY25		FY24	
	Provision Charge	Coverage Rate	Provision Charge	Coverage Rate
Mortgages (inc PBTL)	£0.7m	0.13%	£1.7m	0.15%
BBSL	£0.4m	0.37%	£0.4m	0.44%
BBUL	£5.8m	3.59%	£8.8m	3.88%
Total	**£6.9m**	**0.33%**	**£10.9m**	**0.44%**

Strategic outcome: 1 2 3 4 5 To outperform the sector in growth and profitability

Operating Costs

Atom has made investments to support our key strategic activities

Staff costs increased by 13% to £37m with the average number of employees increasing from 504 to 544. This increase includes investments in the technology function, with new initiatives around the use of Artificial Intelligence, and the risk function as the Bank makes progress in its IRB permission application.

Administrative and general expenses increased by 10% to £32m mainly as a result of increased loan servicing fees following the growth of the buy-to-let portfolio, together with increased banking levy fees, legal and audit fees. Given investment has been made in capabilities to drive growth, Atom's cost:assets under management ("AUM") ratio has increased to 0.84% (FY24: 0.79%).

Controllable Costs*: £71.5m
(FY24: £72.0m)

Average cost per head: £67.9k
(FY24: £65.0k)

Cost: Asset ratio: 0.84%
(FY24: 0.79%)

Headcount: 544
(FY24: 504)

*Controllable costs comprises of administrative and general expenses (excluding loan servicing expense), staff costs, additions to intangible assets and additions to property, plant and equipment.

Strategic outcome: 1 2 3 4 5 To outperform the sector in growth and profitability

Capital

Atom has maintained strong capital ratios throughout the period.

Atom continues to be capital generative and has maintained capital ratios in excess of regulatory minimum and management buffers, while increasing risk weighted assets (RWAs) to £2.4bn (FY24: £1.8bn).

The near-final Basel 3.1 rules were published by the Prudential Regulation Authority in September 2024, with a revised implementation date of 1 January 2027. The delay to the release of these rules contributed to uncertainty over future capital requirements, impacting strategy and trading decisions throughout FY25. Atom has carried out an assessment of the rules, which indicates that there will likely be an increase in RWAs under the new rules.

CET1: 14.9%
(FY24:18.9%)

Total available capital (including Tier 2): £405m
(FY24: £346m)

Andrew Marshall
Chief Financial Officer

Strategic outcome: 1 2 3 4 5 To outperform the sector in growth and profitability

Funding and Liquidity

Deposit Growth:

Total Deposits £7.5bn

(FY24: £5.7bn) Growth of 31% vs Market Growth of 6%

Fixed Rate Saver (FRS) balances: £4.4bn

(FY24: £4.3bn)

Instant Access Savings (IAS) balances: £3.2bn

(FY24: £1.4bn)

LCR 480%

(FY24: 486%)

Deposit Market Dynamics

UK personal savings balances grew by 6% to £2.1tn in the 12 months to 31 March 2025. In the five years since March 2020 and the onset of the COVID-19 pandemic, UK savings balances have increased by over £500bn. This growth of 31% is ahead of CPI at ~25% but slightly below the ~35% growth in total pay over the same period.

Although the "Big Five" UK ringfenced banks continue to hold most of these balances, they have collectively seen a net outflow since their COVID-19 peak in 2021. At the end of 2024, their balances were 4% lower than at the end of 2021. This reduction, against a growing overall market, coincides with increases in the bank base rate and, in turn, more attractive savings rates becoming available compared to the ultra-low interest rates of the 2010s. In February 2025, the average quoted rate on instant access deposits was just 2.47%, compared to the Bank of England's base rate of 4.50%. Over £302bn is held in accounts that pay no interest. The average Trustpilot score of the "Big Five" was just 1.5.

Retail deposits at Atom have grown by 31%, driven mainly by the huge success of the new Instant Saver Reward product

The Reward Saver, which debuted in September, had grown to £2.2bn from 22,000 customers by the financial year-end. Alongside the Bank's existing Instant Access product, the average rate on Atom's Instant Access range was 4.1%, which was 1.4% higher than the average quoted rate for the market.

99% of all customers open and fund a new savings account in minutes via the Atom app. This combination of ease, speed, and value resulted in significant growth in the savings book, 5 times faster than the personal market's growth, and a 4.9 Trustpilot score, making Atom the UK's most trusted bank for savings.

Whilst balances have grown, as a result of increased competition and changes in the shape of the yield curve, the spread earned on customer deposits has narrowed.

Most of the additional deposits have been used to drive lending growth, however some of the surplus has been used to purchase debt securities, increasing Atom's holding to £1.4bn (FY24 £0.5bn).

A mixture of wholesale and retail funding is core to managing liquidity risk for a bank, and £310m of debt securities were issued to investors as part of Atom's sixth RMBS transaction through the Elvet programme in February 2025.

In addition, a £50m tier 2 capital raise was executed in October 2024 and has been used to accelerate balance sheet growth and to further scale the business and was not required to fund ongoing operations.

Strategic Report
Directors' Report
Financial Statements

Strategic outcome: 1 2 3 4 5 To outperform the sector in growth and profitability

Lending - Mortgages

Mortgage Growth:

Residential Mortgages £4.2bn

Growth of 31% (FY24: £3.2bn)

Loan completions: £1.4bn

(FY24: £1.6bn)

Mortgage Market Dynamics

The outstanding value of all UK residential loans is £1.65tn. The UK housing and mortgage market continued its long run of resilience. Gross lending was £242bn (+7.3% YoY) and purchase activity recovered significantly from 2023 lows, particularly among first-time buyers and home movers. This momentum, boosted by easing mortgage rates and a rush to beat the April 2025 Stamp Duty deadline, continued into 2025, leading to elevated transaction volumes. House prices stabilised, showing modest annual growth by year-end 2024 and into early 2025, though regional differences persisted, with northern regions generally outperforming the south.

Affordability remains a key constraint, despite the Bank of England initiating a gradual base rate cutting cycle Mortgage rates eased from their peaks but stabilised in early 2025.

The Financial Conduct Authority (FCA) is reviewing lending rules, particularly stress tests, potentially simplifying them to improve access.

Arrears, which peaked in 2023, began to decline and remain historically low.

Refinancing activity was lower in 2024 but is set for a significant rebound in 2025, with 1.8 million fixed-rate deals expiring.

Major M&A activity included Nationwide's acquisition of Virgin Money and Coventry Building Society's acquisition of The Co-operative Bank. This activity strengthened the mutual sector but further skewed the market towards fewer, larger, IRB-enabled banks.

There has been little material change in sector efficiency. High street lenders and large building societies take an average of 10-11 days to process an application to offer, while challenger banks and specialist lenders take 28 days.

Atom's strategy is to automate and digitalise the mortgage process, making it faster and easier for customers and intermediary partners. Atom are also progressing plans to achieve regulatory permission to use the IRB system for assessing mortgage capital requirements.

This combination of a highly efficient mortgage origination platform, from both cost and capital perspectives, offers significant opportunities for growth and scale.

In FY25 mortgage lending at Atom increased significantly, by 31% to £4.2bn

During the financial year, Atom completed £1.4bn (FY24: £1.6bn) of mortgage lending.
Atom has continued to invest in improving the speed to offer for prime residential mortgages with a median application to offer time of just three days across the residential mortgage range up to 95% LTV. Loan completions include £412m of new buy-to-let lending via a partnership agreement.

Atom continued to operate under the standardised capital requirements regime. Consequently, capital deployment to residential mortgage lending was carefully managed and focused on market areas where standardised lenders are less penalised versus competitors with IRB permissions.. The Bank is therefore pleased with the progress made in automating the mortgage origination journey, particularly as activity has focused on this market segment. This demonstrates the platform's significant potential once scalable in lower Loan-to-Value (LTV) market segments without the additional capital requirements currently mandated under the standardised regime.

Strategic outcome: 1 2 3 4 5 To outperform the sector in growth and profitability

Lending - SME Loans

SME lending growth:

£1.1bn of total SME lending

(FY24: £0.9bn) Growth of 20%

Business Banking Secured Lending (BBSL): £0.8bn

(FY24: £0.6bn)

Business Banking Unsecured Lending (BBUL): £0.2bn

(FY24: £0.3bn)

SME Lending Market Dynamics

The UK SME lending market in 2024 saw increased gross lending, although demand for growth and investment remained weak. Challenger and specialist banks played a significant role, now accounting for 60% of the SME lending market. This surge highlights a notable shift in the competitive landscape, with these institutions gaining prominence in SME finance.

Despite rising lending volumes, many SMEs continued to prioritise managing working capital and cash flow, suggesting a general focus on operational stability over expansion or new investments. Consequently, much lending activity concentrated on short-term financial needs rather than long-term growth initiatives.

Access to finance remains a significant concern for many SMEs, particularly those led by underrepresented groups. These businesses often report a lack of confidence in securing suitable finance options and identifying appropriate providers, highlighting persistent inequalities in the lending market.

Atom has continued to grow its business lending franchise significantly, with balances increasing to £1.1bn (FY24: £0.9bn)

Atom originates business loans to SMEs secured on commercial property. This portfolio has increased to £0.8bn (FY24: £0.6bn), with £365m of new lending. Atom closed it's largest ever single deal, a loan for £9.5m.

£395m (47%) of the total balance is subject to the Coronavirus Business Interruption Loan Scheme ("CBILS"), Recovery Loan Scheme ("RLS") or Growth Guarantee Scheme ("GGS"). Atom has made no claims against the CBILS, RLS or GGS guarantees.

Retention of maturing loans has increased to 60% (FY24: 43%) following enhancements to the customer process.

Following continued investment in refining and automating the application process, the time between loan application and agreement in principle is just one working day (FY24: 1 working day). The agreement in principle to offer time has improved by 30% to 7 days (FY24: 10 days).

The BBUL loan book is £0.2bn (FY24: £0.3bn), as repayments have offset the £94m of new lending during the year. 80% of the portfolio is subject to guarantees under the CBILS, RLS and GGS schemes. This lending generates a higher yield but attracts higher credit losses and charges than secured lending.

Strategic outcome: 1 **2** 3 4 5 — To be one of the UK's most recommended companies

Customer experience is at the heart of Atom's approach

Trustpilot Trust Score: 4.9/5

(FY24: 4.8/5)

iOS Rating: 4.9/5

(FY24: 4.9/5)
Average of reviews during the year

Android Rating: 4.8/5

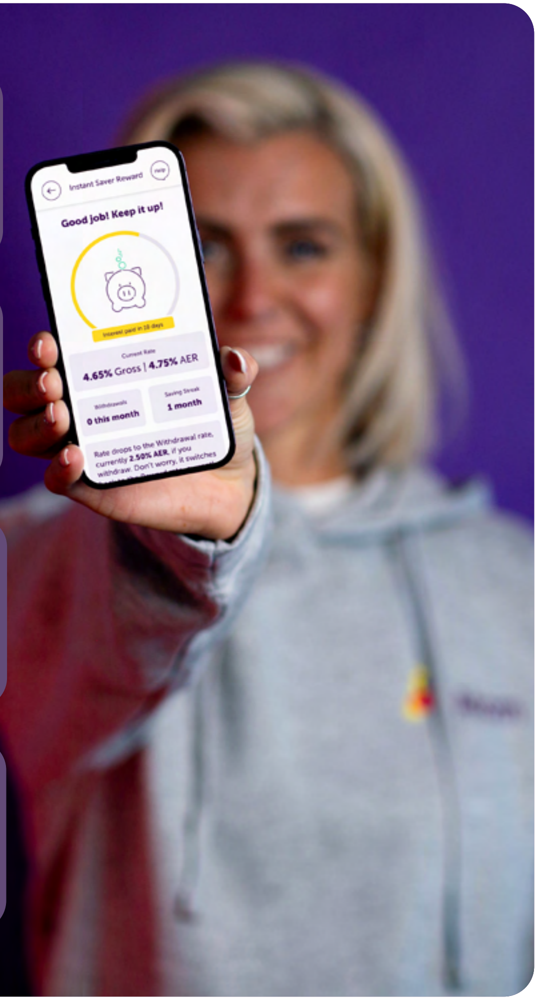
(FY24: 4.8/5)
Average of reviews during the year

Mortgage Retentions: 58%

(FY24: 63%)

Secured SME Loan Retentions: 60%

(FY24: 43%)



A seamless customer experience is key to making lending and saving faster, easier, and better value. Atom's Trustpilot rating tracks customer sentiment and provides feedback on customer experiences.

The rating has remained high at 4.9 (FY24: 4.8), making Atom one of the highest-rated banks in the UK, far above most competitors. Post-purchase Net Promoter Score (NPS) is tracked and, at +89, has surpassed the previous record of +88 achieved last year-end. Atom's all-time iOS and Android app store ratings have remained five-star.

The origination process for mortgage and SME customers is a key focus area for Atom in its drive to automate and improve business processes. Broker feedback confirms that speed to offer or decision-in-principle is a differentiating factor, and keeping the customer and broker updated on loan progress is crucial.

For savings customers, opening an account with Atom is fast and easy, with the whole process taking place in-app.

Strategic outcome: 1 2 3 4 5 To be one of the UK's best places to work

The Atom team is integral to delivering the long-term strategy

Atom tracks employee engagement through formal surveys and informal pulse questionnaires covering reward, wellbeing, teamwork, coaching, and leadership. This year, the survey completion rate remained exceptional at 91% (FY24: 90%), with an overall engagement score of 77% (FY24: 81%).

The Bank's employee value proposition offers a range of benefits and incentives to reward, retain, develop, and advance careers across all business areas. Alongside a standard four-day work week for permanent employees, the flexible working policy allows individuals to choose their work location and hours—in coordination with their teams—to enhance work-life balance.

Employee Engagement: 77%
(FY24: 81%)

Building on the Menopause Matters group launched in late FY24, 18 Champions and 32 Managers/Coaches were trained in FY25 on menopause awareness and support, with plans to extend this training. Fertility Support was also launched, featuring a coach's guide, an updated 'Forming a Family' policy, fertility champions, and baby loss awareness initiatives.

Atom's Leadership and Coaching framework supported 92 individuals this year, contributing to 50 internal promotions. Developing people and preparing them for promotion opportunities remains a key part of the Bank's succession strategy. Atom welcomed a second cohort of 13 interns across all areas of the Bank, bringing fresh perspectives to teams and providing valuable coaching and mentoring development for future leaders. Furthermore, employees mentored 15 Durham University students for three months through their career mentorship programme. This was highly successful, and Atom plan to participate again.

Atom believes diverse teams make better decisions, build better products, and deliver superior customer service. The Bank fosters a supportive and inclusive environment because it is inherently right, and remains committed to the Equality Act 2010, ensuring everyone is treated with fairness, dignity, and respect. Practices are continuously reviewed to ensure fairness, champion equality, diversity, and inclusion (EDI), and ensure all employees understand their role in fostering an inclusive workplace. As part of ongoing EDI efforts, the bank launched the Atom Women's Network in FY25.

This network and its initiatives will be key to addressing the gender pay gap. Atom's mean gender pay gap was 28.4%, largely consistent with the prior year (FY24: 28.6%). The Bank operates at the intersection of the Tech and Finance industries, both traditionally male-dominated, particularly Tech. The Women's Network will drive the strategy being developed to address this.

Ayshea Robertson
Chief People Officer

Strategic outcome: 1 2 3 **4** 5 | To achieve excellence in both our governance and our culture

Risk management is central to Atom's governance, with clearly defined accountabilities ensuring thorough execution at all levels

A proactive risk culture, valuing insightful analysis, robust oversight, and constructive challenge, underpins this careful approach. The effectiveness of this culture is actively monitored through key metrics reported regularly to leadership and the Board via Atom's Balanced Scorecard, providing continuous insight. Our risk profile undergoes continuous, diligent management, supported by the Board's commitment to enhancing risk management capabilities across Atom, safeguarding the Bank and its customers.

The Board establishes and maintains a robust risk management framework and structure. The Board Risk Committee (BRC) actively reviews risk information, delegating specific duties to executive committees.

The Risk function is proactively engaged by the business to manage and mitigate adverse exposures across both existing and new initiatives.

Risk Strategy

Atom's Risk Strategy drives our evolution into a leading, reputable, responsible, and sustainable bank. By strategically pricing risk, actively protecting our reputation, and rigorously controlling financial and non-financial risks, we empower simpler, faster, and better value borrowing and saving, ensuring sustainable growth

Enterprise Risk Management Framework (ERMF)

The ERMF centrally manages the identification, assessment, management, monitoring, and reporting of key risks at Atom. A supporting risk policy framework provides specific guidance for each principal risk category.

Risk Appetite

Atom's Risk Appetite clearly defines acceptable risk boundaries in executing our business plan. This crucial framework, defined by qualitative guidelines and quantitative metrics linked to key risks, is regularly reviewed and approved by the Board. Our Risk Appetite Statements and Dashboard metrics provide transparent reporting on our current risk profile against defined limits and thresholds.

Gareth Jones

Chief Risk Officer

Strategic outcome: 1 2 3 4 5 To achieve excellence in both our governance and our culture

Three lines of defence

01 First line of defence

First line management is directly responsible for the identification, assessment, management, and consistent monitoring of risks and controls within their specific business line activities as a core element of daily operations.

02 Second line of defence

The independent second line provides assurance on ERMF application, challenges first line execution of risk management, conducts assurance, and monitors/reports/escalates risks and controls against risk appetite to relevant committees.

03 Third line of defence

The third line provides objective and independent assurance over the adequacy of first- and second-line activities concerning all business aspects, including risk management, internal controls, and regulatory/industry standards alignment.

Effective risk management is supported by a three lines of defence model, establishing clear roles and responsibilities for risk and control management across Atom.

Katie Swanson

Chief Audit Executive

Strategic outcome: 1 2 3 **4** 5 | To achieve excellence in both our governance and our culture

Risk Management Processes

Atom has a number of key processes in place to support delivery of its risk objectives.

These processes are reflected within its risk policies and associated standards and procedures, to ensure consistency in the management of risks within appetite across Atom and mitigate adverse exposures across both existing and new initiatives.

Risk Identification, Measurement, and Management:

Embedded practices across Principal Risks ensure the continuous and integrated identification, thorough assessment and evaluation, vigilant monitoring, and transparent reporting of key risks and associated controls. This robust approach, powered by established risk and control tools and processes, provides a strong foundation for proactive risk management.

Stress Testing & Scenario Analysis:

Atom employs stress testing, sensitivity, and scenario analysis as key risk practices. Scenario planning simulates events to test capital, liquidity, operational resilience, crisis management, and disaster recovery, identifying vulnerabilities and mitigation effectiveness. The Internal Capital Adequacy Assessment Process ("ICAAP") and Internal Liquidity Adequacy Assessment Process ("ILAAP") specifically assess Atom's current and future capital and liquidity under severe stress, ensuring sufficient resources are held.

Risk Assurance:

The Second Line of Defence Risk function proactively executes a semi-annual risk-based assurance programme, conducting in-depth thematic reviews to ensure robust compliance with Risk Appetite, policies, processes, and regulations; effective governance, control arrangements, and practices; and proactive identification, management, and mitigation of risks arising from evolving threats.

Compliance and Customer Outcome Testing:

Atom's Compliance Framework assures the Board, ExCo, and senior management that its policies, procedures, systems, and controls effectively meet regulatory obligations. A semi-annual, risk-based Compliance Monitoring Plan, reviewed quarterly, drives thematic and ongoing monitoring, including customer outcome testing to ensure Consumer Duty adherence.

Strategic Report

Directors' Report

Financial Statements

Strategic outcome: 1 2 3 **4** 5 | To achieve excellence in both our governance and our culture

Principal Risks

Atom's Principal Risks represent the most pertinent risks to Atom's operations and could result in harm to Atom's strategic plan, its business plan, solvency, liquidity, or reputation:

Risk	Key Mitigation
Business/Strategic Risk The risk of Atom failing to execute the business strategy due to poor decisions, substandard execution, inadequate resources, or failure to adapt to market changes, potentially damaging Atom's reputation.	• Strategic planning integrates risk appetite, and strong leadership comes from our experienced Board and Executive team supported by robust governance. Regular validation and review ensure effective execution of the business plan.
Market Risk The risk of loss arising from potential adverse changes in the value or earnings profile of Atom's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, credit spreads and foreign exchange.	• Market risk is controlled by defined policies aligned with risk appetite and ICAAP; exposures are mitigated using offsets and derivatives, and positions are monitored daily.
Capital Adequacy Risk The risk that Atom could have insufficient quantity or quality of capital to deliver its base case business strategy or withstand a severe but plausible stress.	• Capital adequacy is managed through annual ICAAP assessments, forward-looking monitoring, and an updated Recovery and Capital Contingency Plan with defined triggers and actions, alongside exploring additional sources and actively addressing regulatory changes like Basel 3.1.
Liquidity and Funding Risk The risk that Atom fails to have liquidity resources of sufficient quantity and quality to meet its obligations as they fall due and/or fails to maintain a stable and diverse funding profile, to support its assets and future growth at an acceptable cost in normal and stressed market conditions.	• A liquidity risk framework with defined appetite, policies, and annual ILAAP stress tests is established; sufficient liquid assets and funding access are maintained; and daily liquidity monitoring and forecasting are performed.
Operational Risk Inadequate or failed internal processes or systems, human error, or external events, create a risk of direct or indirect financial loss and reputational damage	• An operational risk framework is embedded with supporting tools for people, technology, security, and third parties. Key risks/controls are identified and mitigated through our Risk Control Self-Assessment process.
Credit Risk The current or prospective risk that a customer of the Bank defaults on their contractual obligations to Atom or fails to perform their obligations in a timely manner. Atom defines counterparty risk as the risk that a financial counterparty to a transaction could default	• Refined risk appetite and limits govern credit, robust lending policies ensure quality and fair customer outcomes, partner due diligence aligns with risk appetite, and monthly Credit Committee monitoring and regular stress and scenario testing ensure portfolio resilience.
Regulatory Risk The risk of financial loss, reputational damage and/or regulatory censure arising from failing to comply with existing/future regulatory or legislative requirements including those in relation to Data Protection	• Defined policies, procedures, and mandatory staff training are in place; process adherence is regularly evaluated via compliance monitoring. Atom maintains an open, collaborative relationship with Regulators, facilitated by ongoing second-line engagement and business updates.

Strategic outcome: 1 2 3 **4** 5 — To achieve excellence in both our governance and our culture

Principal Risks (continued)

Risk	Key Mitigation
Conduct Risk The risk that the bank's behaviour fails to deliver good outcomes for our customers and other stakeholders, which may include (but is not limited to), employees, shareholders and other third parties, and describes risks that arise from anything the Bank does that might impact on the Financial Conduct Authority's statutory objectives.	• The Conduct Risk Policy ensures fair customer treatment and appropriate employee conduct according to FCA rules, supported by customer outcome-focused policies covering key areas. Customer outcome measures are reported to governance committees.
Model Risk The potential for adverse consequences from model errors or the inappropriate use of modelled outputs to inform business decisions. These adverse consequences could lead to a deterioration in the prudential position, non-compliance with applicable laws and/or regulations, or damage to Atom's reputation. Model risk can also lead to financial loss, as well as qualitative limitations such as the imposition of restrictions on business activities.	• Defined risk appetite, policies, and procedures control model risks within a framework aligned with industry best practices. Model validation metrics/status (including remediation) are reported to Model governance committees.
Environmental Risk The risk that Atom contributes to or is impacted by physical or transitional risks arising from climate change or changes to the environment.	• A governance framework led by the Director of ESG ensures senior-level oversight of climate change risks. Carbon emissions are reported with reduction targets. Physical and transitional risks are assessed via scenario modelling and climate considerations are integrated into lending policies. Atom's operational emissions have been offset through woodland sequestration.

Strategic outcome: 1 2 3 **4** 5 To achieve excellence in both our governance and our culture

Key and Emerging Risks

Atom also maintains a register of key and emerging risks, informed by senior leadership and assessed against Principal Risks for comprehensive and forward-looking risk mitigation.

While Principal risks are the most fundamental risks to our strategic objectives, our Key & Emerging risks are a subset of risks that receive particular attention or are forward-looking risks.

This core activity drives business planning and stress testing, aligning strategies and operations with identified concerns and ensuring appropriate risk arrangements minimise exposure. Current risks include:

Growth Capital

The potential inability to secure sufficient and affordable growth capital, amidst challenging capital markets and sector-specific headwinds, poses a threat to our competitiveness and strategic execution. Atom's strong management employs rigorous financial planning and disciplined capital management to mitigate this risk.

Cyber Risk

Escalating cyberattacks (ransomware, phishing, DDoS, data breach) in the evolving financial landscape present a major operational and data security risk for Atom. The Bank's multi-layered security strategy, including technology, policies, training, and monitoring, is crucial for effective mitigation.

Regulatory Capital Uncertainty

Atom is proactively managing its capital position amidst the evolving regulatory landscape, including the delayed Basel 3.1 implementation, ongoing PRA, and BoE consultations (Pillar 2, MREL), and the preliminary stages of its IRB application. This dynamic environment necessitates careful and strategic capital management.

Technology Failure & Change Execution

The challenge of ensuring successful and timely delivery of strategic change and scalable operations for our digital bank (to avoid reputational and customer implications) is being addressed through continued investments in robust banking technology, people, and process.

Emerging Economic, Geopolitical, and Credit Uncertainty

Global events (e.g., Russia-Ukraine, political transitions, trade dynamics) and economic headwinds (tariffs, softening labour market) threaten market stability and financial resilience, increasing the potential for adverse impacts on Atom's credit risk. Despite current stable delinquency rates, enhanced monitoring is crucial.

Operational Resilience & Third-Party Risk Management

Atom's operational resilience and third party risk management frameworks support the bank in ensuring the continuity of its Important Business Services (IBS) and managing associated risks. Atom relies on strategic partnerships with third parties as a core component of the bank's business strategy.

Artificial Intelligence

Atom faces a dual risk and opportunity with rapidly evolving AI. Strategic and ethical implementation is key to preventing competitive disadvantage, ethical breaches, data privacy violations, and fraud, while unlocking efficiencies. Atom is strategically investing in AI capabilities, governed robustly to define and appropriately mitigate key risks to enable the successful deployment of assistive AI opportunities that drive material operational benefits for the business.

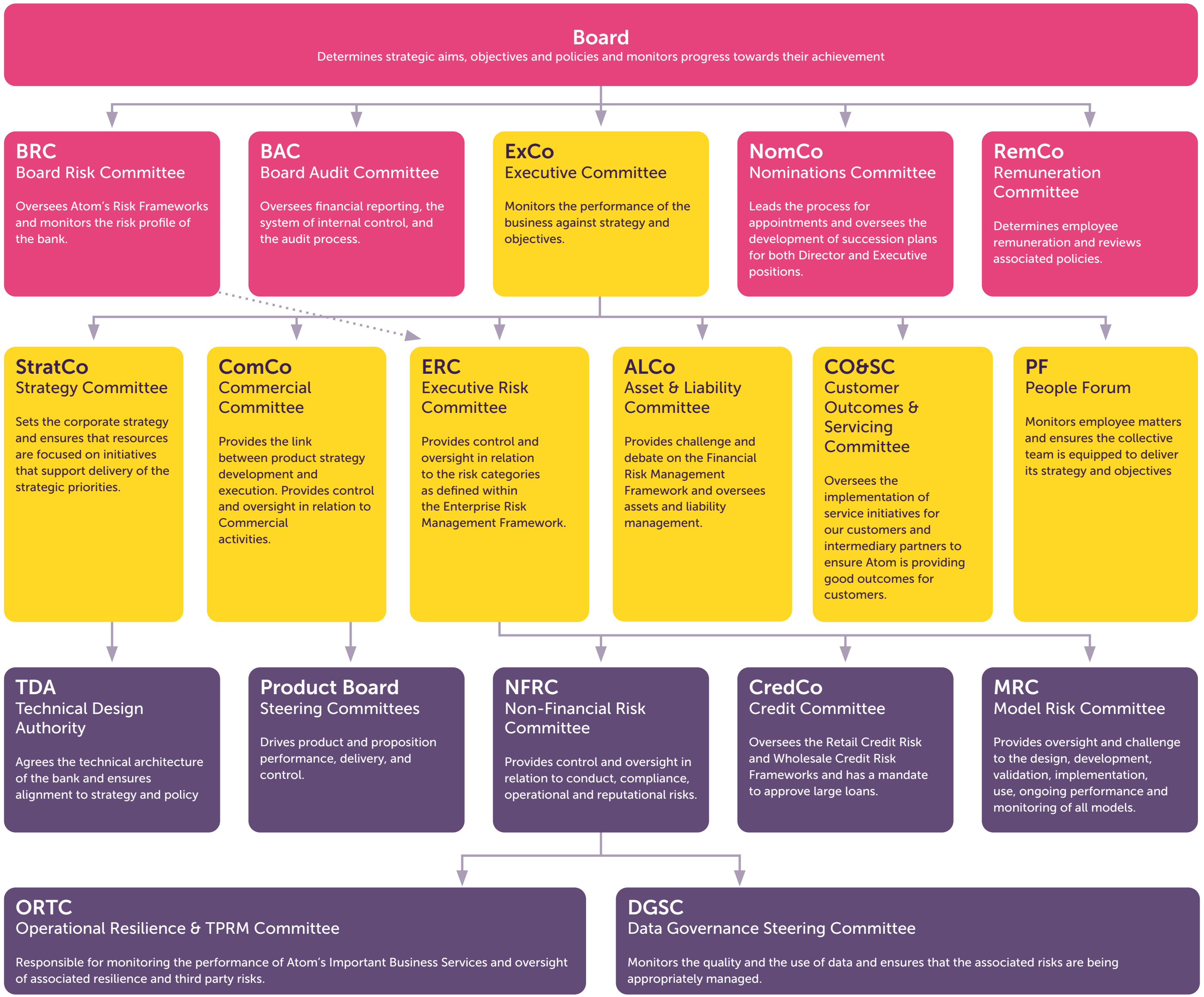
Regulatory and Climate Change were prior key risks, but Atom's enhanced approach to risk management on these issues means they represent less of a risk to Atom now compared to other emerging threats. The bank will continue to monitor these closely.

Strategic outcome: 1 2 3 **4** 5 — To achieve excellence in both our governance and our culture

Governance

Atom continues to recognise the important role of effective corporate governance in underpinning the integrity of Atom and the wider community in which it operates.

The success of the Bank depends on a framework of effective systems of internal control, risk management and compliance with regulatory requirements, with an acknowledgement that effective governance is not achieved by one single committee or forum but rather by a robust framework with clear lines of accountability to support robust decision-making. The Atom governance structure is divided into three distinct categories: Board Committees, Executive Committees, and supporting forums, steering committees and working groups.



Strategic outcome: 1 2 3 **4** 5 | To achieve excellence in both our governance and our culture

Board of Directors

Atom's Board of executive and non-executive directors is responsible for the overall governance of the Bank, with the same individuals appointed to the Board of directors for both Atom Holdco plc and Atom Bank plc.

It is responsible for determining strategic aims, objectives and policies and monitoring progress against these objectives. The Board is ultimately accountable to Atom's shareholders and so must have regard to the long-term interests of the Bank, as well as the external circumstances that may impact performance. The Board also takes into account the interests of other stakeholders, including Atom's customers, Regulators and employees.

The Board comprises executive directors and independent non-executive directors, providing a breadth of skills, experience and knowledge, and contains representatives from Atom's two largest shareholders to ensure that the long-term strategic objectives of the Bank continue to be met.

Lee Rochford

Chairman and Chair of Nominations Committee (appointed as Chairman 14 September 2023)

Mark Mullen

Executive Director and Chief Executive Officer

Andrew Marshall

Executive Director and Chief Financial Officer

David Roper

Senior Independent Non-Executive Director and Chair of Board Audit Committee

Christine Coe

Non-Executive Director and Chair of Board Risk Committee

Cheryl Millington

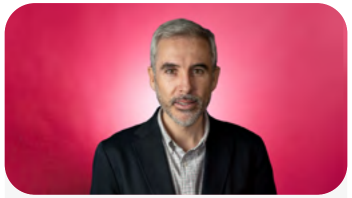
Non-Executive Director and Chair of Remuneration Committee

Laurence Hollingworth

Non-Executive Director

Ergun Özen

BBVA Appointed Non-Executive Director



Gonzalo Romera Lobo

BBVA Appointed Non-Executive Director

Murat Kalkan

BBVA Appointed Non-Executive Director (alternate director for Gonzalo Romera and Ergun Ozen)

Fabrizio Cesario

Toscafund Appointed Non-Executive Director

Strategic outcome: 1 2 3 **4** 5 | To achieve excellence in both our governance and our culture

Board of Directors (continued)

Board Effectiveness Review

In FY25, the Board undertook an effectiveness review that was externally facilitated by Manchester Square Partners following a tender process, with a report presented to the Board for review and discussion in January 2025. The report noted that overall the Board operates effectively but highlighted a number of areas for the Board to consider further. An internally facilitated review is due to be undertaken in the second half of FY26, which will include a look back to the comments raised in the FY25 report.

Board Strategy Day

The Board meets annually to focus solely on strategic matters. This includes perspectives from external parties and advisors. In November 2024 the Board met to review progress against the strategy and discussed potential options for changes and/or an expansion of the strategy. The board concluded that, given the potential of the current strategy and evidence of progress to date, these alternative scenarios should not be pursued.

Conflicts of interest

A process is in place for managing any potential conflicts of interest; directors are required to notify the Chairman and Company Secretary of any circumstances that could give rise to a conflict of interest, who will then review and present the circumstances to the Board for consideration as appropriate. Any actual or potential conflicts of interest are also noted on a central register, managed by the Company Secretary, which is regularly reviewed by the Board. Directors also notify the Board of any new appointments or material changes to existing appointments.

Strategic Report
Directors' Report
Financial Statements

Strategic outcome: 1 2 3 **4** 5 — To achieve excellence in both our governance and our culture

Board Committees

The governance structure at Atom has been designed to provide oversight and control and the Board has delegated certain responsibilities to committees to assist with the efficient operation of the Board by ensuring matters are considered appropriately.

The chairman of each committee provides an update to the Board at the subsequent Board meeting and each committee has a set of terms of reference setting out the matters delegated to it, which are reviewed and approved annually by the Board.

Board Audit Committee (BAC)

Chair: David Roper

The primary role of the BAC is to assist the Board in fulfilling its oversight responsibilities for matters relating to financial reporting, the system of internal control including the effectiveness and oversight of the internal audit function, and for monitoring compliance with all applicable laws and regulations.

Members: Christine Coe
Cheryl Millington

Board Risk Committee (BRC)

Chair: Christine Coe

The BRC oversees Atom's risk framework and monitors the risk profile of the Bank. BRC is responsible for ensuring that the Bank's risk culture is appropriately designed by anticipating changes in business, economic, political and social conditions. The BRC is responsible for reviewing risk appetite and performance and the effectiveness of the Enterprise Risk Management Framework.

Members: Cheryl Millington
Lee Rochford
David Roper
Gonzalo Romera Lobo

Nominations Committee (NomCo)

Chair: Lee Rochford

The NomCo leads the process for appointments and oversees the development of succession planning for Board and executive positions as well as establishing a diverse pipeline of talent.

Members: Christine Coe
David Roper
Cheryl Millington
Gonzalo Romera Lobo

Remuneration committee (RemCo)

Chair: Cheryl Millington

The RemCo is responsible for setting and monitoring policies for the remuneration of the Chairman, executive directors and senior management as well as for determining targets for performance-related remuneration. The RemCo also monitors performance against certain KPIs, including gender balance and earnings gap reporting.

Members: Lee Rochford
David Roper
Laurence Hollingworth
Gonzalo Romera Lobo

Strategic outcome: 1 2 3 **4** 5 | To achieve excellence in both our governance and our culture

The Executive Committee

The Executive Committee (ExCo) reports to the Board and is responsible for executing the Board-approved strategy and the day-to-day running of the Bank. The Exco is supported by management committees to provide specialist oversight and responsibility.

Mark Mullen

Executive Director and Chief Executive Officer

Co-founder and Chief Executive of Atom, Mark was formerly Chief Executive of multi-award winning first direct, the UK's first telephone bank. With almost 35 years experience in banking and financial services Mark has held senior roles across a variety of disciplines both in the UK and overseas.

Andrew Marshall

Executive Director and Chief Financial Officer

With over 20 years experience in banking, Andrew held senior roles at EY, within audit and advising financial services institutions, and as a Director in Barclays.

Since joining Atom in 2016 Andrew has overseen key initiatives including capital raises and securitisation transactions before becoming Chief Financial Officer in November 2022.

Helen Wilson

Chief Operating Officer

Helen is responsible for leading Atom's customer operations teams to deliver outstanding customer service. She has more than 28 years of experience in retail banking, including with Northern Rock and working as a consultant with Deloitte for two of the UK's major banks, before joining Atom as Head of Customer Service in 2014.

Gareth Jones

Chief Risk Officer

Gareth joins Atom with over 26 years in the banking sector, including extensive experience as a Chief Risk Officer. Over the course of his career, Gareth has undertaken a broad range of roles across product, strategy, finance and risk management. He holds excellent credentials and has a proven track record in risk management, risk culture and leadership.

Katie Swanson

Chief Audit Executive

Katie has 20 years experience in banking, and was appointed as Chief Audit Executive in November 2024. Previously, she was Head of Credit Strategy (since 2023) and Head of Operational Risk (2021-2023) at Atom Bank. Before Atom, Katie held senior non-financial risk roles at RBS, starting her banking career at Lloyds Banking Group in 2001. She holds an MSc in Finance from Edinburgh University.

Ayshea Robertson

Chief People Officer

Ayshea is Chief People Officer at Atom bank and is responsible for Recruitment, Learning and People Compliance. As a qualified Human Resources (HR) professional, she has over 20 years of experience in HR, and has led HR functions within a wide range of businesses over the course of her career, including at Bellway Homes, Zen Internet and Newcastle Building Society.

Laura Farnworth

General Counsel and Company Secretary

Laura is responsible for the legal and corporate services teams at Atom. Laura has led the legal support for some of the Bank's major transactions including capital raises and the RMBS programme. She joined the Bank in 2014 from the Banking Team at Womble Bond Dickinson.

Chris Storey

Chief Commercial Officer

With nearly 25 years experience in retail banking, Chris started at Northern Rock before holding senior roles at Tesco Bank, Newcastle Building Society, and Sutherland Global. Joining Atom in 2020, he now serves as Chief Commercial Officer, overseeing lending, savings, partnerships, sales and distribution, brand and experience and credit strategy.

Andrew Sturrock

Chief Technologist

With over 25 years' experience as CIO and IT leader delivering Agile and DevOps transformation, Andy is responsible for Atom's Technology. Andy has previously worked for BP and Bank of America, and brings a combination of deep technical knowledge, transformational leadership, business acumen and Agile, Lean and DevOps expertise.

Strategic outcome: 1 2 3 4 **5** To make a positive contribution to our community and to our environment

Atom's ambition to be the bank for the future drives its commitment to positive environmental outcomes

The Bank's target to become climate positive by 2035 is ambitious, involving the removal of more carbon from the atmosphere than Atom emits through its operations and lending. This target surpasses the UK's net zero by 2050 objective in scope and speed, reflecting Atom's commitment to its business, customers, and the wider community.

Atom employs a strategy encompassing measurement, reduction, substitution, and investment. Each component is continually revisited to identify new insights and opportunities for emission reduction.

To track progress against this strategy, Atom introduced two new measures to its company scorecard in FY25:

- Reduce the carbon intensity of organic lending by 5% (in Q4), measured in tonnes of CO2 equivalent (tCO2e) per £1m of lending.
- Invest in or provide finance to at least 100ha of natural capital projects.

Scorecard measures reflect these key imperatives and are used to determine variable pay for all employees.

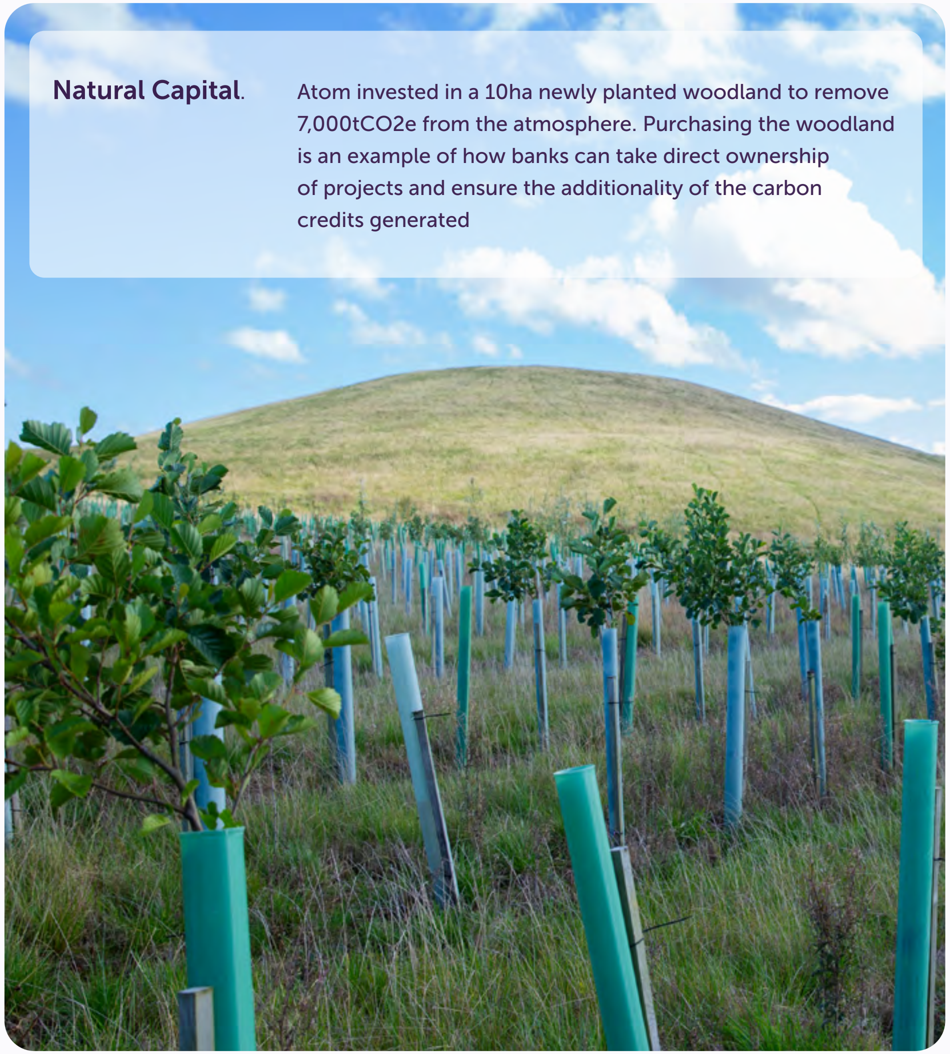
The carbon intensity target was exceeded in FY25, driven by a substantial reduction in the carbon intensity of the Bank's business lending. While Atom did not meet the natural capital target, it recently introduced new lending policies aimed at creating biodiversity net gain (BNG) credits and promoting carbon sequestration.

The following KPIs are used to record progress against the banks targets and to manage climate-related risks:

Carbon Emissions	Operational emissions (tCO2e)	All relevant scope 1, 2 and 3 categories (except for financed emissions) are calculated in line with the GHG Protocol Corporate Accounting and Reporting Standard.
	Financed emissions (tCO2e)	Atom reports financed emissions for all its on-balance sheet lending in line with the Partnership for Carbon Accounting Financials (PCAF) standard.
	Carbon intensity of lending (tCO2e/£m)	Calculated by dividing Atom's financed emissions figures by the sum of its lending.
Natural Capital	Hectares of investment in natural capital (ha)	The area of natural capital projects invested in for the following purposes: carbon sequestration, creating biodiversity, reducing flooding, aiding water and nutrient management.
Climate Risk	Energy Performance Certificates (EPC's)	Collected for property-based securities to help the bank understand its exposure to transition risk.
	Flood risk levels	Produced using JBA Ltd's flood scoring models that consider the severity and likelihood of a flood event impacting a particular property.

This section addresses section (g) – (h) of the climate-related financial disclosures required by section 414CB (2A) of the Companies Act.

Strategic outcome: 1 2 3 4 **5** To make a positive contribution to our community and to our environment



Natural Capital. Atom invested in a 10ha newly planted woodland to remove 7,000tCO_2e from the atmosphere. Purchasing the woodland is an example of how banks can take direct ownership of projects and ensure the additionality of the carbon credits generated

Streamlined Energy and Carbon Reporting

Atom's business model is inherently efficient and is responsible for generating low quantities of carbon. This is aided by Atom's offices which are energy efficient and use renewable electricity throughout, ensuring scope 2 (market-based) emissions remained at zero for FY25. Choices made to reduce Atom's footprint in the Rivergreen Centre led to a decrease in electricity usage. However, problems with the building's primary heating system caused a greater reliance on the backup system, increasing scope 1 emissions to 21.06tCO_2e (FY24: 17.67tCO_2e).

Despite this, total operational emissions reduced by 27% per FTE (FY25: 0.95tCO_2e, FY24: 1.31tCO_2e). The largest reductions came from more efficient purchasing decisions and optimising for cost and efficiency in Atom's use of Google cloud.

*Financed emissions (scope 3 category 15) are excluded from operational emissions. All other relevant categories are included. More details can be found in Atom's carbon report.

Metric	FY25	FY24
Scope 1 Emissions (tCO_2e)	21.06	17.67
Scope 2 (Market-based) Emissions (tCO_2e)	-	-
Scope 3 Emissions* (tCO_2e)	494.04	640.77
Total Operational Emissions* (tCO_2e)	515.10	658.44
Intensity Ratio Total Operational Emissions* (tCO_2e/FTE)	0.95	1.31
UK Energy Use (kWh) (Electricity, Heating, Expensed Mileage)	539,365	609,312

Strategic outcome: 1 2 3 4 **5** To make a positive contribution to our community and to our environment

Financed Emissions

Atom continues to be committed to measuring and disclosing the emissions from its lending. Data quality remains a significant challenge for banks so the figures in this section should be treated with caution. This is especially true for unsecured loans, where the data remains of particularly poor quality. The Partnership for Carbon Accounting Financials (PCAF) also recently changed their methodology for unsecured lending, meaning that BBUL figures are not directly comparable to those produced previously.

Atom remains committed to improving the quality of its financed emissions data given its importance in helping customers to decarbonise and tracking progress to climate positivity. To improve data quality, the team is assessing options to move to direct measurements of metered energy consumption.

Metric	Mortgages	BBSL	Buy to Let Mortgages	BBUL
Financed Emissions (tCO2e)	33,293 (FY24: 32,213)	39,305 (FY24: 28,936)	6,388 (FY24: 3,527)	235,381 (FY24: 185,808)
Carbon Intensity (tCO2e/£m)*	11.1 (FY24: 14.2)	50.1 (FY24: 52.2)	8.0 (FY24: 9.6)	644.3 (FY24: 537.2)
PCAF Data Quality Score	3.0 (FY24: 3.0)	3.1 (FY24: 3.1)	2.9 (FY24: 2.9)	4.0 (FY24: 4.0)

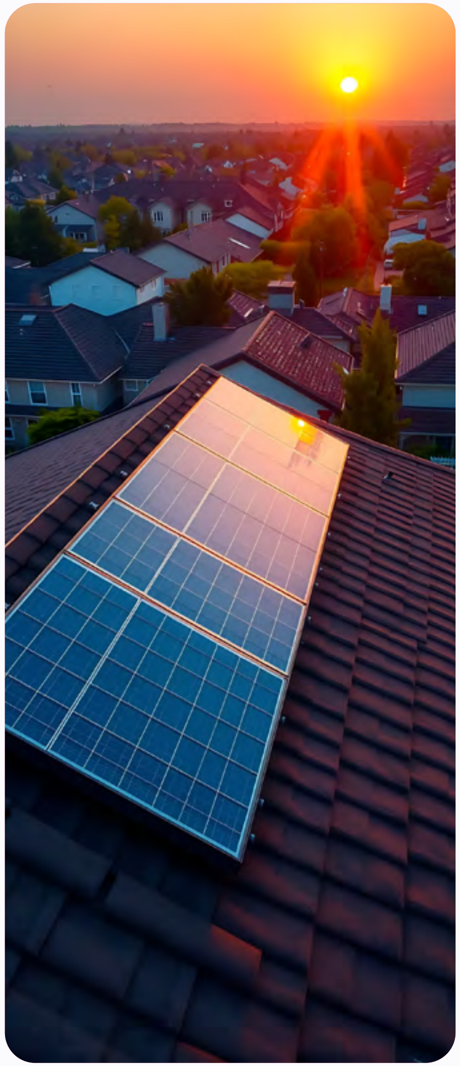
*Carbon intensity is calculated using financed emissions figures. The quantity of lending used to calculate the intensity figures will not be the same as elsewhere in this report given these are calculated prior to year-end.

Residential Mortgages

Atom has made positive policy and propositional changes in the past year to decrease the carbon intensity of its mortgage lending and to provide customers with information about the costs and benefits of retrofit. Atom hosts a free retrofit tool on its website which provides a costed estimate of measures available to all UK homeowners to increase their property's energy efficiency.

Business Lending

To reduce the future risk of stranded assets and the carbon intensity of Atom's lending, an additional 23 Standard Industrial Classification (SIC) codes were added to Atom's list of restricted sectors. The business lending team also designed a proposition to finance natural capital and carbon sequestration projects that have a measurable environmental benefit.



Strategic outcome: 1 2 3 4 **5** To make a positive contribution to our community and to our environment

Climate-related financial disclosures

The identification and management of climate-related risks to Atom's business is overseen by the Bank's board of directors in the same manner as all other business risks. Atom's risk management framework includes managing climate-related risks. The Director of ESG reports directly to the CEO and is responsible for setting Atom's strategic response to climate risk. Through the insight on climate-related risks provided by the ESG team, the Bank is embedding an understanding into all departments.

In line with the process for identifying and agreeing Key and Emerging Risks, the likelihood and impact of climate-related risks are assessed. One principal risk has been identified; that Atom contributes to or is impacted by physical or transition risks arising from climate change or related changes to the environment.

Climate-related physical risks include extreme weather events and chronic changes to climate patterns. Flooding, subsidence and erosion, alongside fire risk and heat stress are forecast to increase in frequency and severity. These risks are expected to be distributed unevenly across geographies.

Physical risk can cause operational disruption where Atom's premises, key infrastructure locations or transport nodes are impacted. Atom's ability to work remotely and its failover capabilities make it possible to maintain service under most scenarios.

Events that create operational risk are also a source of credit risk and could translate into market risk if the impacts are widely felt. To ensure Atom understands these risks and the potential credit defaults and capital risks that could arise, the Bank undertakes an annual exercise to assess the threat flooding poses to secured residential and commercial lending. This assessment considers both the frequency and severity of river, coastal and surface water events, adjusting the risk for the impact of flood defences.

For residential mortgages, Atom's aggregate exposure to flood risk is slightly lower than the national average, with the distribution of properties by risk band mirroring the national picture. Benchmark data are more difficult to source for commercial mortgages, but with clearer data on every property in the loan book, the bank is now able to identify and quantify these risks. Atom has also tested its flood risk exposure using the Bank of England's climate scenarios.

Insurance plays a key role in mitigating the impact of physical risk for customers and banks in the short to medium term. This is likely to change in the long term, so Atom works to assess the extent to which physical risks are reflected in property values.

Transition risks arise from policy, market or behavioural changes that reduce property values, shift business turnover between sectors or move expectations amongst stakeholders. Although transition risk is likely to have a greater impact in the long term, the bank is investing now to drive progress towards a low carbon economy.

Changes to policy, legislation and guidance on climate-related issues are identified with the compliance team and relevant business owners. The continued focus on upgrading the energy efficiency of buildings could impact property values, so Atom is reviewing and adjusting its lending policy to protect itself against transition risk and finance a growing number of energy efficient properties. Alongside this, Atom remains committed to collecting quality energy performance and carbon emissions data and tracking improvements.

The transition to a low-carbon economy creates many opportunities for Atom to utilise its business model to ensure positive environmental impacts whilst creating commercial returns. Where opportunities are backed by legislation and verifiable data, Atom has acted. An example is the bank's new capability to provide financing into emerging markets for biodiversity.

The impact of climate-related risks and opportunities on the bank's financial position is measured through scenario analyses, notably through the annual assessment of the mortgage portfolio and further considerations are being integrated into the ICAAP in line with improvements in data availability. Currently, macroeconomic impacts are more likely to impact the business than climate-related risks.

This section and the wider risk report addresses section (a) – (f) of the climate-related financial disclosures required by section 414CB (2A) of the Companies Act.

Strategic outcome: 1 2 3 4 **5** To make a positive contribution to our community and to our environment

Atom and the Community

Atom's social investment strategy focuses on creating new opportunities for young people, particularly students from under-represented backgrounds.

These initiatives aim to open doors to higher education and employment, and to increase the number of women in senior technology roles. As part of its Early Careers strategy, which includes internships and graduate schemes, Atom has also launched:

- The Atom Futures Fund provides financial support for care-experienced students, young carers, or those eligible for Free School Meals in County Durham state schools. Last year, this fund supported 13 students in applying to Russell Group Universities.
- Atom collaborates with the EY Foundation and the Chartered Banker Institute on a work experience programme for Year 12 students.
- Atom provides two Women in Technology Scholarships for students from low-income backgrounds to study computer science at Durham University.
- Atom supports Durham University's Venture School by sponsoring its annual Enterprise Awards event.
- Atom participates in the Durham University mentorship scheme, offering students insight into future careers.

Alongside these initiatives, Atom remains actively engaged with the wider local community, reaffirming its commitment to the Durham Maths School. Beyond sponsoring local clubs and events, Atom also provides opportunities for its teams to engage in community ventures, such as tree planting and local beach clean-ups.

Strategic Report

Directors' Report

Financial Statements

DIRECTORS REPORT

Jump to:

Helen Wilson
Chief Operating Officer

Directors Report - 172 Statement

In accordance with section 172 of the Companies Act 2006, the Directors must act in a way that they consider, in good faith, to promote the success of the Company for the benefit of its members as a whole and in doing so have regard to the stakeholders who engage and interact with the business.

This statement sets out the details of how the Board have considered the matters set out in sections 172(1)(a) to (f) of the Companies Act 2006 for FY25.

People

The Bank's people have been pivotal in creating Atom's digital banking machine, building the business, and making progress in changing banking for good, for better, for everyone. Engaging with its people is a critical part of this. Everyone is updated on business-wide performance and key decisions through monthly performance update meetings and quarterly "Up 'n' Atom" events, where individual and team successes are celebrated.

Atom's people are a key business stakeholder, and the company's culture is vital for fostering growth and high performance. To strengthen the connection between the Board and the Atom team, Cheryl Millington acts as the Board Employee Engagement Champion. This role provides a direct connection between employees and the Board via the Atom People Forum, which takes place quarterly and includes representatives from all business functions and across all levels.

The forum provides an opportunity for views and suggestions to be heard, and for potential changes to be discussed and feedback received before decisions are made. Cheryl attends and participates in People Forum discussions, reporting observations and feedback to the Board to ensure its awareness of sentiment and key issues across the business. Additionally, the Board receives culture and sentiment updates via results and analysis from the formal people survey and more frequent pulse updates, alongside regular reporting on attrition, wellbeing, diversity and inclusion, internal mobility, and talent development.

Customers

Evolving the Experience: Our Continuous Commitment to Atom Customers

Atom's strategic imperative is to become one of the UK's most recommended companies by delivering faster, easier, and enhanced customer experiences. Customer experience is integral to its core strategy. Atom believes a seamless journey across lending and savings is fundamental to providing speed, ease, and optimal value to its customers.

Atom actively monitors customer sentiment through its Trustpilot rating, a valuable channel for direct feedback. During the latest financial year, its Trustpilot score increased to 4.9 (FY24: 4.8), establishing Atom as the UK's most trusted bank on the platform. Atom has consistently maintained this leading position since October, including recognition as the number one rated bank, savings bank, mortgage lender, and private sector bank. Its post-purchase Net Promoter Score (NPS) reached a record high of +89 this year, demonstrating strong customer satisfaction and a high likelihood of recommendation.

Throughout the year, Atom implemented significant enhancements and updates across its iOS and Android mobile applications, following the successful launch of its Instant Saver Reward product. Key improvements include enabling seamless fund transfers between accounts for its savings customers. Atom's all-time app store ratings remain exceptionally high: iOS at 4.9/5 and Android at 4.8/5 during this financial year.

For its savings customers, Atom continues to prioritise a swift and straightforward account opening process, completed entirely within its mobile app. Atom's savings rates offer competitive market value. The introduction of its Instant Saver Reward further demonstrates Atom's commitment to an exceptional customer experience, achieving a strong NPS of +86 and a product score of 4.83/5 on Feefo.

4.9
Trustpilot
(FY24: 4.8)

iOS Rating: 4.9/5
(FY24: 4.9/5)
Average of reviews during the year

Android Rating: 4.8/5
(FY24: 4.8/5)
Average of reviews during the year

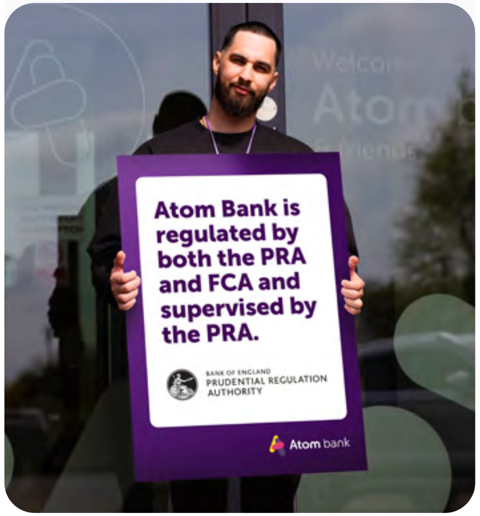
NPS +89%
(FY24: +88%)

Regulator

Atom bank is regulated by both the PRA and FCA and is supervised by the PRA. Atom maintains open and transparent relationships with the Regulators which is key to ensuring ongoing compliance with regulatory requirements.

There are regular, scheduled meetings between members of the Board, ExCo and the PRA supervisory team. The PRA and FCA are always kept up to date with key developments.

The key areas of focus this year have included interaction in relation to the IRB programme and ensuring compliance with the requirements of Operational Resilience regulations which came into effect on 31 March 2025.



Shareholders

Atom has over 180 shareholders, ranging from current and former employees and individual "angel" investors, to hedge funds and a global financial services group. The two largest shareholders continue to exercise their right to appoint directors to the Board, providing them with an opportunity to directly input into the Board decision-making process and governance. Regular open communications take place between the CEO, CFO and Chairman and Atom's shareholders in the form of quarterly performance updates, and at the Annual General Meeting. Outside of these formal interactions, more informal communication is maintained via members of the Board and ExCo.

Suppliers

Atom's network of strategic suppliers is a cornerstone of the Bank's agility and resilience, fuelling its ability to deliver cutting-edge banking experiences. This year, Atom has significantly strengthened its control environment by completing a third-party risk management transformation program and embedding operational resilience at the core of its partnerships. This includes the completion of a ransomware scenario test which demonstrates the bank's ongoing commitment to improve its resilience.

Looking ahead, Atom is evolving its approach to prioritise value creation and forge even deeper, more strategic alliances with key suppliers. By working hand-in-hand, the Bank aims to unlock new levels of innovation and accelerate the delivery of its strategic objectives, starting with its decision to re-platform its decision engine from current provider Transunion to Provenir. The Board continues to provide rigorous oversight of these vital relationships and the associated risks, ensuring Atom maintains the highest standards of governance.

Atom deeply appreciates the collaboration and contributions of its suppliers, who are essential partners in the Bank's continued success and its mission to redefine banking for the better.

Strategic Report
Directors' Report
Financial Statements

Mark Mullen
Chief Executive Officer

The Directors present their Annual Report and consolidated financial statements for the year ended 31 March 2025.

Atom Holdco plc is a public limited company, incorporated and domiciled in England and Wales, having its registered office in England. Atom bank plc and the consolidated group are authorised by the PRA and regulated by the FCA and PRA. The directors are required under Section 414 of the Companies Act 2006 to present a strategic report in the Annual Report. The information can be found on pages 5 to 44. Atom has chosen, in accordance with Section 414C(11) of the Companies Act 2006, to include certain matters in its strategic report, that would otherwise be disclosed in this directors' report.

Result

The statements of comprehensive income and the statements of financial position can be found on page 54 and 55 respectively.

Dividends

The directors do not propose to pay a dividend.

Directors

The following persons served as directors during the year and up to the date of approval of the report and financial statements unless otherwise stated:

- Lee Rochford
- Mark Mullen
- Andrew Marshall
- David Roper
- Cheryl Millington
- Ergun Özen
- Gonzalo Romera Lobo
- Alicia Pertusa Santos (alternate director for Gonzalo Romera Lobo and Ergun Ozen, resigned 21 January 2025)
- Laurence Hollingworth
- Christine Coe
- John de la Hey (resigned 21 January 2025)
- Fabrizio Cesario (appointed 21 January 2025)
- Murat Kalkan (alternate director for Gonzalo Romera Lobo and Ergun Ozen, appointed 21 January 2025)

Directors' report

Going Concern

The financial statements have been prepared on a going concern basis, as the Directors are satisfied that the Group and the Parent has the resources to continue in business for the foreseeable future. At a minimum, this is 12 months from the date of approval of these financial statements. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including the current financial position, capital resources and expected future cash flows. Atom's most recent business plan forecasts that the Group will continue to be profitable, and will be sufficiently income generative such that capital will not be required will not be required for the Bank to remain solvent. As a result, any future capital transactions will be undertaken to accelerate lending growth and execution of the longterm strategy.

A combination of stressed financial forecast scenarios have also been considered as part of the going concern assessment, including significant increased variability in credit losses, compression of spreads and lending volumes, and an increase in the volume and rate of deposit outflows. In these scenarios, Atom can continue to trade for the foreseeable future, maintaining a surplus to regulatory minimum capital and liquidity. Based on this assessment the Board is satisfied that the business can continue to operate for the foreseeable future and the going concern basis is appropriate.

Independent Auditors

Each person who was a director at the time this report was approved confirms that:

- So far as they are aware, there is no relevant audit information of which the Group's auditor is unaware; and
- They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006. PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be considered at the forthcoming Annual General Meeting.

Indemnity insurance

Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during FY25, and remains in place, as Atom maintains Directors' & Officers' Liability Insurance which gives appropriate cover for legal action brought against its directors.

The Board has approved the Strategic and Directors' reports and both are being signed on its behalf by

Mark Mullen
Chief Executive Officer
10 July 2025

Laura Farnworth

General Counsel and Company Secretary

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent and of the profit or loss of the Group for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent will continue in business.

The directors are responsible for safeguarding the assets of the Group and Parent and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Parent's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Bank's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

Each of the directors, whose names and functions are listed in Board of Directors page in the Governance section confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position, and profit of the Group; and
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Parent, together with a description of the principal risks and uncertainties that it faces.

Laura Farnworth
General Counsel and Company Secretary
10 July 2025

Atom bank

FINANCIAL STATEMENTS

Jump to:

Consolidated statement of comprehensive income
For the year ended 31 March 2025

For the year ended 31 March	Note	FY25 £'m	FY24 £'m
Interest income		443.4	443.0
Interest expense		(341.3)	(343.5)
Net interest income	2	**102.1**	**99.5**
Other expense	3	(1.1)	(0.2)
Credit impairment charges	4	(7.1)	(11.0)
Net operating income		**93.9**	**88.3**
Staff costs	5	(36.9)	(32.7)
Administrative and general expenses	7	(31.9)	(29.0)
Staff and administrative expenses		**(68.8)**	**(61.7)**
Profit before other charges		**25.1**	**26.6**
Amortisation and depreciation		(13.9)	(12.7)
Equity-settled share-based payments	6	(6.1)	(7.2)
Other charges		**(20.0)**	**(19.9)**
Profit before taxation		**5.1**	**6.7**
Taxation	8	11.8	5.6
Profit after taxation		**16.9**	**12.3**

Other comprehensive (expense)/income			
Items that are or may be reclassified subsequently to profit or loss			
Movement in fair value reserve (debt instrument classified as fair value through other comprehensive income)			
- Net (loss)/gain in fair value		(0.4)	0.5
- Net amount transferred to profit or loss		0.2	0.1
Movement in cash flow hedge reserve			
- Net loss from changes in fair value		(1.3)	(0.4)
Other comprehensive (expense)/income, net of tax		**(1.5)**	**0.2**
Total comprehensive income attributable to equity holders of the parent		**15.4**	**12.5**

The result for the year is derived entirely from continuing activities.
The Group represents the consolidated results of Atom Holdco plc and its subsidiaries.

Consolidated statement of financial position
As at 31 March 2025

As at 31 March	Note	FY25 £'m	FY24 £'m
Assets			
Cash and balances at central banks	16	1,945.3	2,447.2
Debt instruments at fair value through other comprehensive income	16	1,384.5	474.7
Debt Instruments held at amortised cost	16	202.5	23.0
Derivatives held for hedging purposes	25	55.8	62.4
Loans and advances to customers	9	5,301.5	4,100.9
Other assets	32	75.4	98.7
Property, plant and equipment	33	0.6	0.7
Intangible assets	34	38.0	41.6
Deferred tax asset	8	29.1	16.5
Total assets		**9,032.7**	**7,265.7**
Liabilities			
Customer deposits	17	7,538.7	5,746.2
Borrowings from central banks	18	358.2	683.8
Debt securities in issue	18	601.9	365.3
Subordinated liabilities	18	50.1	-
Derivatives held for hedging purposes	25	0.2	1.1
Provisions	35	0.9	0.8
Other liabilities	36	58.8	66.1
Total liabilities		**8,608.8**	**6,863.3**
Equity			
Share capital and share premium	29	129.0	128.9
Other reserves	30	47.8	43.3
Accumulated gains		247.1	230.2
Total equity		**423.9**	**402.4**
Total liabilities and equity		**9,032.7**	**7,265.7**

The notes and information on pages 58 to 129 form part of the consolidated financial statements.

The consolidated financial statements from pages 54 to 129 were approved by the Board of Directors on 10 July 2025 and signed on its behalf by:

Mark Mullen
Chief Executive Officer
10 July 2025

Andrew Marshall
Chief Financial Officer
10 July 2025

Consolidated statement of changes in equity

	Share capital and share premium	Share based payment reserve	Other reserves and treasury shares	Fair value reserve	Cash flow hedge reserve	Accumulated gains	Total equity
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Balance as at 1 April 2023	**29.3**	**32.1**	**(1.4)**	**-**	**5.2**	**217.9**	**283.1**
Profit for the year	-	-	-	-	-	12.3	12.3
Fair value reserve (debt instruments), net of tax							
- Net gain in fair value	-	-	-	0.5	-	-	0.5
- Hedging adjustment	-	-	-	-	(0.4)	-	(0.4)
- Net amount transferred to profit or loss	-	-	-	0.1	-	-	0.1
Total comprehensive income/(expense)	**-**	**-**	**-**	**0.6**	**(0.4)**	**12.3**	**12.5**
Issue of new ordinary shares, net of transaction costs	99.6	-	-	-	-	-	99.6
Share schemes – value of employee services	-	7.2	-	-	-	-	7.2
Balance as at 31 March 2024	**128.9**	**39.3**	**(1.4)**	**0.6**	**4.8**	**230.2**	**402.4**
Profit for the year	-	-	-	-	-	16.9	16.9
Fair value reserve (debt instruments), net of tax							
- Net loss in fair value	-	-	-	(0.4)	-	-	(0.4)
- Hedging adjustment	-	-	-	-	(1.3)	-	(1.3)
- Net amount transferred to profit or loss	-	-	-	0.2	-	-	0.2
Total comprehensive income/(expense)	**-**	**-**	**-**	**(0.2)**	**(1.3)**	**16.9**	**15.4**
Issue of preference shares, net of transaction costs	0.1	-	-	-	-	-	0.1
Share schemes – value of employee services	-	6.0	-	-	-	-	6.0
Balance as at 31 March 2025	**129.0**	**45.3**	**(1.4)**	**0.4**	**3.5**	**247.1**	**423.9**

Consolidated cash flow statement

For the year ended 31 March	Note	FY25 £'m	FY24 £'m
Cash flows from operating activities			
Profit for the year[1]		16.9	12.3
Adjustments for non-cash items			
Credit impairment charges	4	7.1	11.0
Depreciation and amortisation		13.9	12.7
Recognition of deferred tax asset	8	(12.6)	(6.7)
Corporation tax charge	8	0.8	1.1
Equity settled share-based payments	6	6.1	7.2
Interest expense relating to subordinated liabilities	18	2.8	-
Other non-cash movements		(17.5)	(9.8)
Adjustments for:			
Changes in loans and advances to customers[2]	9	(1,207.6)	(1,152.8)
Changes in customer deposits	17	1,792.5	(805.1)
Changes in borrowings from central banks	18	(325.6)	2.3
Changes in debt securities in issue	18	236.6	157.8
Changes in debt instruments held at amortised cost[3]	16	(179.4)	127.3
Changes in other assets	32	23.3	(37.0)
Changes in other liabilities and provisions	36	(1.3)	(25.4)
Changes in derivatives held for hedging purposes	25	5.7	15.6
Corporation tax paid	8	(0.7)	(0.8)
Net cash inflow / (outflow) from operating activities		**361.0**	**(1,690.3)**
Cash flows from investing activities			
Acquisition of intangible assets	34	(9.8)	(15.6)
Acquisition of property, plant and equipment	33	(0.4)	(0.3)
Acquisition of debt instruments at FVOCI[4]	16	(1,462.6)	(578.1)
Disposal of debt instruments at FVOCI[4]	16	562.5	442.7
Net cash outflow from investing activities		**(910.3)**	**(151.3)**
Cash flows from financing activities			
Proceeds from the issuance of shares, net of expenses	29	-	99.6
Issuance / (settlement) of subordinated liabilities	18	49.2	(8.2)
Interest paid on subordinated liabilities	18	(1.4)	-
Payment of principal portion of lease liabilities	36	(0.4)	(0.7)
Net cash inflow from financing activities		**47.4**	**90.7**
Net (decrease) in cash and balances at central banks		**(501.9)**	**(1,750.9)**
Cash and balances at central banks at the beginning of year	16	2,447.2	4,198.1
Cash and balances at central banks at the end of year	**16**	**1,945.3**	**2,447.2**

Notes to the consolidated cash flow statement

[1] Profit for the year includes interest income of £431.6m (FY24: £427.2m) and interest expense of £349.5m (FY24: £306.0m) received during the year.
[2] The movement in loans and advances to customers includes £68.8m of loans bought back from the Elvet mortgages 2020-1 plc during the year.
[3] Changes in debt instruments held at amortised cost includes additions of £202.6m (FY24: £27.2m) and disposals of £23.2m (FY24: £153.5m).
[4] Cash flow movements for FVOCI instruments were previously reported on a net basis, and now reported on a gross basis, and the comparatives have been adjusted. The non-cash movements from FVOCI instruments were reported in a "net acquisition of debt securities at FVOCI" line and now have been re-classified to operating activities. The comparatives have been adjusted, resulting in an increase of £15.4m in net cash outflow from operating activities and a corresponding decrease of £15.4m in net cash outflow from investing activities.

Summary of material accounting policies

This section describes the Group's material accounting policies and the critical accounting estimates that relate to the consolidated financial statements and notes as a whole.

If an accounting policy or a critical accounting estimate relates to a particular note, the accounting policy and/or critical accounting estimate is contained within the relevant note.

a. Reporting entity

These consolidated financial statements are prepared for Atom Holdco plc and its subsidiaries ("the Group") under section 399 of the Companies Act 2006. The Group is a UK financial services provider engaged in retail banking. Separate financial statements have also been presented for the holding company.

Atom Holdco plc is a public company limited by shares and is incorporated and registered in the United Kingdom.

b. Basis of preparation

The consolidated financial statements have been prepared and approved by the Board of Directors in accordance with UK adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. They are stated in pounds Sterling (£), which is the presentational currency of the Group and the functional and presentational currency of Atom Holdco plc, and are rounded to the nearest million (£'m) unless otherwise stated.

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments to the extent required or permitted under IFRS as set out in the relevant accounting policies.

c. Going concern

The consolidated financial statements have been prepared on a going concern basis, as the Directors are satisfied that the Group has the resources to continue in business for the foreseeable future (which has been taken to be at least 12 months from the date of approval of the financial statements). In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including the current state of the balance sheet, capital resources, cash flows and the strategy of the business. Further information is included within the Directors' responsibilities statement on page 51.

d. Consolidation

Atom Holdco plc controls an entity when it has power over the relevant activities of the entity, is exposed to or has rights to variable returns from the entity and can affect those returns through its power over the entity. Such ability, generally but not exclusively, accompanies a shareholding of more than half of the voting rights. The assessment of control is based on all facts and circumstances. Controlled entities are fully consolidated from the date on which control is transferred and are deconsolidated from the date that control ceases. Inter-company transactions and balances are eliminated in full upon consolidation.

The consolidated financial statements have been prepared using uniform accounting policies and for the same accounting period as that of Atom Holdco plc.

e. Presentation of financial statements

The Group presents its consolidated statement of financial position in order of liquidity based on its intention and perceived ability to recover or settle the majority of assets/ liabilities of the corresponding financial statement line item. A maturity analysis of statement of financial position items is included in Note 20 including items that have a recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current).

Financial assets and financial liabilities are generally reported gross in the consolidated statement of financial position except when IFRS netting criteria are met (note 25).

Other instruments, primarily derivatives, are only offset and reported net if there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

f. Cash and cash equivalents

Cash and cash equivalents include notes, restricted and unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the consolidated statement of financial position.

Summary of material accounting policies (continued)

g. Operating segments

IFRS 8 requires operating segments to be identified on the basis of internal reports and components of the Group which are regularly reviewed by the Chief Operating Decision Maker to allocate resources to segments and to assess their performance. For this purpose, the Chief Operating Decision Maker of the Group is the Board of Directors. The Board considers the results of the Group as a whole when assessing business performance and allocating resources. Accordingly, the Group is considered to be a single operating segment. The Group operates solely within the UK and, as such, no geographical analysis is required. The Group is not reliant on any single customer.

h. Financial assets and liabilities

The Group applies IFRS 9 Financial Instruments to the recognition, classification and measurement, and derecognition of financial assets and financial liabilities, the impairment of financial assets, and hedge accounting.

(i) Recognition

Financial assets and liabilities are recognised when the Group becomes party to the terms of the contract. For the purchase or sale of securities this is deemed to be the trade date, as this is the date from which Atom is legally committed to the transaction.

(ii) Classification and measurement

Financial assets and liabilities are initially recognised at fair value and may be held at amortised cost, Fair Value through Other Comprehensive Income (FVOCI), or Fair Value through P&L (FVTPL).

A debt instrument is generally measured at amortised cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is normally measured at FVOCI if both of the following conditions are met:

- The asset is held within a business model in which assets are managed to achieve a particular objective by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument that is not measured at amortised cost or at FVOCI is measured at FVTPL. Derivatives are normally measured at FVTPL.

The accounting policy for each type of financial asset or liability is included within the relevant note for the item.

(iii) Derecognition

Financial assets are derecognised where the contractual rights to cash flows from the asset have expired, or have been transferred, usually by sale, with substantially all the risks and rewards of ownership transferred.

Financial liabilities are derecognised when the liability has been settled, has expired or has been extinguished. An exchange of an existing financial liability for a new liability with the same lender on substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

i. Foreign currency translation

Foreign currency transactions are translated using the exchange rates prevailing at the date of the transaction. Monetary items denominated in foreign currencies are translated at the rate prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the translation and settlement of such transactions are recognised in the statement of comprehensive income.

j. Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and income and expenses during the period. Due to the inherent uncertainty in making estimates, actual results may differ from those on which management's estimates or judgements are made.

Critical accounting estimates and judgements are disclosed within the note to which they relate:

- Expected credit losses for loans and advances to customers, note 10, contains both estimation uncertainty and significant judgements.
- Deferred tax, note 8. The recognition of a deferred tax asset requires the application of judgement as it contains estimation uncertainty in determining its valuation.

k. Changes to accounting policies and future accounting developments

There have been no changes to the Group's accounting policies during the year. The Group has not provided disclosures in respect of new and amended standards and interpretations that became effective for FY25, as none of these issued had impact on the Groups financial statements.

The IASB has issued a number of other minor amendments to IFRSs that are not mandatory for the current reporting year and have not been early adopted. None of these amendments are expected to have a material impact on the Group.

Atom bank

PERFORMANCE

The notes in this section seek to explain Atom's Profit and Loss performance during the year.

Atom earns interest income on loans originated to customers and on cash and other financial instruments that are held. This income is reduced by the interest expense that is paid to customers on their deposits and on wholesale funding facilities which fund lending. Atom also incurs expected credit loss charges, predominantly on loans and advances to customers, and administrative and general expenses incurred as a result of running a digital bank, predominantly employee expenses and the costs of maintaining the technology infrastructure.

Jump to:

2. Net Interest Income

Accounting for interest income and expense

Interest income and interest expense are measured at amortised cost using the effective interest rate method. This method allocates interest and any direct and incremental fees and costs over the expected lives of the assets and liabilities.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments, through the expected life of the financial instrument to the gross carrying amount of the financial asset or liability.

The estimated cash flows consider all contractual terms of the financial instrument (for example prepayment options) but do not incorporate future credit losses. The calculation includes all amounts received by or paid to Atom that are an integral part of the overall return, including direct incremental transaction costs related to the acquisition or issue of a financial instrument as well as all other premiums and discounts.

Interest income and expense on derivatives designated as hedging instruments are recognised as part of net interest income, and they are recorded as a reduction to the gross interest income or interest expense derived using the effective interest rate method on the related hedged asset or hedged liability.

	FY25 £'m	FY24 £'m
Interest income		
Loans and advances to customers	309.8	226.6
Other assets held at amortised cost	94.2	193.0
Assets held at fair value through other comprehensive income	39.4	23.4
Total interest income	**443.4**	**443.0**
Interest expense		
Customer deposits	(289.5)	(290.6)
Other liabilities held at amortised cost	(51.8)	(52.9)
Total interest expense	**(341.3)**	**(343.5)**
Net interest income	**102.1**	**99.5**

Net interest income increased to £102m (FY24: £100m), driven by loan book growth, increased income from assets held at fair value through other comprehensive income, offset by a reduction in interest earned on deposits held at the Bank of England.

Income on loans and advances to customers increased by £83m to £310m as a result of a 29% growth in the total loan book to £5.3bn.

Income from other assets held at amortised cost includes interest on cash held at the Bank of England which has decreased by £99m, driven by a decrease in the balance in cash and cash equivalents in the year and a lower base rate environment. Average cash balances have decreased by £1.8bn from £3.6bn to £1.8bn in the current year.

Interest income from assets held at fair value through other comprehensive income has increased by £16m to £39m due to average FVOCI balances being £0.4bn higher at £0.8bn.

Interest expense decreased by £2m to £341m. On average, Atom maintained a lower average customer deposit balances, coupled with a reduction in interest rates to savings customers. The average deposit balance decreased by £0.3bn to £6.2bn.

Other liabilities held at amortised cost remained stable at £52m (FY24: £53m) with interest payable on debt securities in issue increasing following the issuance of £300m of loan notes through Elvet 2023-1 RMBS (Q2 FY24), £310m of loan notes through Elvet 2025-1 RMBS (Q4 FY25) and the issuance of £50m Tier 2 notes (Q3 FY25). This increase was offset by a reduction in the interest payable on borrowings from central banks relating to the TFSME, which has decreased by £336m to £339m, following repayments during the year.

3. Other income and expenditure

Accounting for other income and expenditure

Fee and commission income and expenses are recognised when the Group has legally agreed to pay or receive consideration for services and when all performance obligations are satisfied.

The accounting policy for fair value hedges and derivatives is covered in detail within Note 25: Derivatives held for hedging purposes.

Other income and expenditure	FY25 £'m	FY24 £'m
Servicing fee income	0.1	0.4
Bank charges and other fees	(0.7)	(0.6)
Ineffectiveness arising from fair value hedges (note 25)	(0.4)	-
Total other expense	**(1.1)**	**(0.2)**

Hedge ineffectiveness arises when the fair value movement in the hedge instrument, the derivative, does not perfectly correlate to the fair value movement in the associated hedge item, the associated loans or deposits.

4. Credit impairment charges

The Group recognises expected credit losses (ECLs) based on forward-looking information for all financial assets at amortised cost, financial assets at fair value through other comprehensive income and loan commitments in compliance with IFRS 9. The accounting policies are disclosed within the credit risk section of the financial statements and Note 10: Amounts arising from expected credit losses.

The below table summarises the charge for the year in the statement of comprehensive income.

Net impairment on financial assets	FY25 £'m	FY24 £'m
Movement in impairment provisions for:		
Mortgages	0.9	1.5
BBSL	0.3	0.3
BBUL	5.8	8.8
Impairment charges on loans and advances to customers	**7.0**	**10.6**
Movement in impairment charges on loan commitments for:		
Mortgages	(0.2)	0.2
BBSL	0.1	0.1
Provision charges on loan commitments	**(0.1)**	**0.3**
Credit impairment charge on debt instruments at amortised cost and fair value through other comprehensive income	0.2	0.1
Credit impairment charges and other provisions	**7.1**	**11.0**

The £7.1m (FY24: £11.0m) charge has decreased despite loan book growth of 29% to £5.3bn, driven by a decrease in the BBUL portfolio as a proportion of the total loan book, coupled with an improvement in the economic forecasts, which underpin the credit provisioning models. Further information on the change in expected credit loss provision is disclosed in note 10.

5. Staff costs

Accounting for staff cost

Atom applies IAS 19 Employee benefits in its accounting for staff costs.

Wages and salaries include overtime and cash bonus payments in line with the period within which they relate. They are presented net of people costs which were capitalised as part of intangible asset capitalisation.

Atom operates a defined contribution pension plan. Contributions are paid to pension plans on a mandatory, contractual or voluntary basis and are recognised as an expense in profit or loss. Atom has no further payment obligations once the pension contributions have been paid.

The accounting policies on share-based payments are included within note 6.

Staff costs	FY25 £'m	FY24 £'m
Wages and salaries	28.5	26.2
Social security costs	5.0	3.4
Contributions to defined contribution plans	3.4	3.1
Total staff costs	**36.9**	**32.7**

Wages and salaries of £28.5m (FY24: £26.2m) are shown net of £3.3m (FY24: £3.3m) of staff time that has been capitalised as part of eligible projects, and £1.8m (FY24: £0.8m) related to Banking Competition Remedies (BCR) funding recognised in the statement of comprehensive income against eligible expenditure.

The increased cost is due to growth in average headcount and uplifts to basic salaries for all eligible employees, awarded at the start of the year.

Average monthly number of employees during the year	FY25	FY24
Executive	8	9
Business and customer operations	274	263
Administration	84	77
Technology	178	155
Total	**544**	**504**

Average headcount increased to 544 (FY24: 504) following a decision to recruit additional Technology roles to reduce reliance on external contractors, as well as strengthening the finance and risk functions to support the Bank's ongoing IRB application.

Business and customer operations FTE has grown by just 4% to 274 despite an increase in customer numbers, evidence of our highly scalable originations and customer service capabilities.

6. Share based payment arrangements

Accounting for share based payments

Employees may be entitled to receive remuneration in the form of share options to incentives performance over the period employees provide service and to act as an employee retention mechanism.

The value of the employee services received in exchange for share options granted is recognised as an expense in the statement of comprehensive income over the period that employees became unconditionally entitled to the awards in line with IFRS 2 Share Based Payments. The vesting period is generally from the date the award is granted or notified up to the vesting date of the options. All awards granted under current schemes are conditional on employee service and do not contain other non-market or market-based performance conditions.

The overall cost of the award is calculated as the number of share options expected to vest multiplied by the fair value of options at the date of grant. Fair value is measured at grant date and excludes the effect of any non-market vesting conditions or service conditions. Service conditions are factored into the estimate of the number of shares expected to vest, which is reassessed and revised annually. Any revision of the original estimate is recognised in the statement of comprehensive income as it occurs.

All options are equity settled, and the fair value is calculated at the grant date and recognised as an expense to the statement of comprehensive income with a corresponding increase in equity over the period that the employees become unconditionally entitled to the awards. The potential liability to pay employers National Insurance contributions on employee share options is recognised as a liability accrued in line with the vesting of the related share options.

The fair value is determined using Black Scholes Merton valuation models which consider the terms and conditions attached to the awards. Inputs into valuation models include the risk-free interest rate, the expected volatility of the Group's share price and other various factors which relate to performance conditions attached to the award. As an unlisted entity share price volatility is estimated using the performance of peers listed on the London Stock Exchange.

Method of settlement

All share options are equity settled only and there are no cash settlement alternatives. The Group had the following share-based payment arrangements at year end:

Scheme	Overview	Contractual life of options	Method of settlement
Build the Bank share scheme (BTB)	A one-off scheme designed to reward staff involved in the earliest stages in the development of Atom.	10 years	Equity
Annual performance share scheme (APSS) – 2015 to 2025	Annual performance award. APSS17 to 25 includes a HMRC approved Company Share Option Plan	10 years	Equity
Long term incentive scheme (LTIP)	A retention scheme put in place for a limited number of senior staff.	10 years	Equity
Joint share ownership plan (JSOP)	This is an executive scheme implemented for a number of Atom's founders	10 years	Equity

Employee benefit trust

Atom bank plc acts as sole trustee to the EBT, which was set up to facilitate liquidity from the share options during previous liquidity events. Shares purchased by the EBT were not cancelled but have been retained in issue and represent a deduction from equity attributable to owners of the Parent. The EBT has been fully consolidated as the Group is exposed to its returns. The outstanding loan balance between Atom and the EBT was £1.4m (FY24: £1.4m).

6. Share based payment arrangements (continued)

	BTB	APSS	LTIP	JSOP
Outstanding as at 1 April 24	**3,943,000**	**53,801,015**	**781,389**	**3,800,000**
Forfeited during the period	-	(326,877)	-	-
Exercised during the period	-	(80,058)	-	-
Granted during the period	-	14,527,568	-	-
Outstanding as at 31 March 25	**3,943,000**	**67,921,648**	**781,389**	**3,800,000**
Exercisable as at 31 March 25	3,943,000	41,562,117	489,723	3,800,000
Weighted average exercise price (pence)	35	0.001	60	0.001
Weighted average remaining contractual life	1 years	8 years	3 years	2 years
Fair value of share awards issued in FY25 (pence)	N/A	0.4	N/A	N/A

	BTB	APSS	LTIP	JSOP
Outstanding as at 1 April 23	**3,943,000**	**28,639,498**	**781,389**	**3,800,000**
Forfeited during the period	-	(46,755)	-	-
Exercised during the period	-	(14,599)	-	-
Granted during the period	-	25,222,871	-	-
Outstanding as at 31 March 24	**3,943,000**	**53,801,015**	**781,389**	**3,800,000**
Exercisable as at 31 March 24	3,943,000	26,384,439	489,723	3,800,000
Weighted average exercise price (pence)	35	0.001	60	0.001
Weighted average remaining contractual life	2 years	8 years	4 years	3 years
Fair value of share awards issued in FY24 (pence)	N/A	0.4	N/A	N/A

The number of share awards granted is calculated based on the approved total award pot available and the share price at that time.

The fair value of share awards issued in FY25 was estimated on the grant date using the Black Scholes Merton formula.

	APSS25
Option grant date	31 March 25
Weighted average share price	40p
Exercise Price	0.001p
Expected volatility	45.93%
Expected life	3 years
Risk-free interest rate	3.96%

The expected share price volatility used was based on the historical volatility of listed peers, over a period equivalent to the expected life of the option.

Share options issued for services provided

Atom engaged with a third party in 2018 to provide certain services where remuneration is partly paid in share options. All of the 3,550,000 options are fully vested and have an exercise price of £1.15 per share. The options have a contractual life of ten years and are equity settled. The fair value of the options when issued was 22p.

No new options were granted for services provided during the year (FY24: nil).

7. Administrative and general expenses

	FY25 £'m	FY24 £'m
Administrative expenses	1.1	0.5
Loan servicing expense	7.5	6.0
Technology costs	18.1	18.0
Marketing	0.3	0.4
Legal and professional	4.2	3.0
Office and premises	0.7	1.1
Total administrative and general expenses	**31.9**	**29.0**

Administrative and general expenses increased by £2.9m to £31.9m, most of which relates to loan servicing expenses.

Technology costs of £18.1m (FY24: £18.0m) relate to running of the customer savings and lending platforms, customer contact systems and IT infrastructure supporting back-office functions. Growth of less than 1% in Technology costs has supported an increase in customer numbers, evidence of the scalability of Atom's banking infrastructure.

Loan servicing expenses of £7.5m (FY24: £6.0m) are paid to third parties where this service is outsourced. The charge is calculated based on the outstanding loan book, and the increase is in line with the movement in the associated loan books, which have increased by 24% to £1.1bn (FY24: £0.9bn).

Administrative and general expenses are recorded net of £0.4m (FY24: £0.1m) of Banking Competition Remedies (BCR) funding held within other liabilities which was released to the statement of comprehensive income to match eligible expenditure.

Legal and professional fees increased by £1.2m to £4.2m due to inflation associated with professional services and an increase in banking fees as transaction volumes grew. This includes auditors' remuneration, with details as follows:

Auditors' remuneration

	FY25 £'m	FY24 £'m
Audit fees for the Group and Bank statutory audit	0.5	0.4
Fees payable for other services:		
Audit of Group subsidiaries	0.1	0.1
Total audit and audit related assurance services	**0.6**	**0.5**
Other non-audit services	0.2	0.1
Total auditors remuneration	**0.8**	**0.6**

Audit fees payable for the Atom Holdco plc statutory audit amounted to £50k (FY24: £19k).

8. Taxation

Accounting for taxation

Atom applies IAS 12 – Income taxes when accounting for taxes on income. Income tax payable on taxable profits (current tax) is recognised as an expense in the period in which the profits arise.

Current tax is measured using tax rates and tax laws enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities on the balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is determined using tax rates and legislation in force at the balance sheet date and is expected to apply when the deferred tax asset is realised.

Critical accounting estimates and judgements

The recognition and measurement of deferred tax assets is a key area of judgment that impacts the reported tax position. A deferred tax asset is recognised in respect of future taxable profits which are likely to occur and is measured based on forecast future taxable profits.

The recently approved five-year strategic business plan forms the basis for forecast taxable profits. Judgement is used to assess whether there are elements of this forecast that have inherent uncertainty associated with them, that should be excluded from forecast taxable profit. This includes assumptions related to achieving IRB permission approval and any subsequent higher growth, future capital raises and the launch of new products and services.

Key assumptions which underpin the base forecast include macroeconomic conditions (such as forecast spreads and interest rates, future tax rates and expectations of credit losses and is dependent on the Group's ability to successfully execute its strategy. For this reason, the DTA is inherently sensitive to these assumptions, and actual utilisation of the deferred tax asset may vary from the expected result.

Income tax for the year

	FY25 £'m	FY24 £'m
Current tax	0.8	1.1
Deferred tax	(12.6)	(6.7)
Tax credit for the year	**(11.8)**	**(5.6)**

The table below shows the reconciliation between the actual tax credit and the tax charge that would result from applying the standard UK corporation tax rate to the Group's profit before tax.

	FY25 £'m	FY24 £'m
Profit on ordinary activities before taxation	5.1	6.7
Standard rate of corporation tax	25%	25%
Expected tax charge	**1.3**	**1.7**
Other temporary differences	(11.1)	(4.9)
Losses utilised in period	(2.0)	(2.4)
Total tax credit	**(11.8)**	**(5.6)**

The Corporation tax liability payable to HMRC for the year is £0.8m (FY24: 1.1m). Taxable profits are subject to tax at the rate of 25%, which has been in place since the 1st April 2023.

In June 2023, Finance Act 2023 was enacted in the UK to introduce Pillar Two model rules. This introduces a minimum effective tax rate of 15% from the 1st of January 2024. Atom is not currently in scope of this, and the tax position is not likely to change in future years on the grounds that all profits are taxable at the UK's tax rate of 25%.

8. Taxation (continued)

The table below shows the movement in net deferred tax assets.

	FY25 £'m	FY24 £'m
At 1 April	**16.5**	**9.8**
Recognised in the statement of comprehensive income	12.6	6.7
At 31 March	**29.1**	**16.5**

The Group has recognised a deferred tax asset in relation to tax losses carried forward of £29.1m (FY24: £16.5m), and a deferred tax liability in relation to tangible fixed assets of £0.1m (FY24: £0.1m).

The Group has an unrecognised deferred tax asset value of £53.4m (FY24: £66.6m). This asset comprises £46.1m (FY24: £60.9m) of trading losses and £7.3m (FY24: £5.7m) of deferred share scheme deductions. All these amounts are carried forward and taxed at the expected rate of 25% (FY24: 25%). Notwithstanding the period over which the Group's deferred tax assets are expected to crystallise, the trading losses and other tax attributes do not expire over time, and all relate to United Kingdom corporation tax.

Should the approved five-year strategic business plan be achieved in full, including those elements excluded as part of the calculated deferred tax asset, then the deferred tax asset that would have been recognised would have been £57.7m and an unrecognised deferred tax asset of £24.8m. The forecast period that has been used for determining the deferred tax asset is 5 years, in line with internal forecasting periods. For every additional year added to the forecast, assuming no growth in the terminal year, the impact on the valuation of the deferred tax asset is an additional £9.6m. Had the forecasts been used in perpetuity, then a deferred tax asset of £82.5m would have been recognised.

Atom bank

LENDING AND CREDIT RISK

This section provides information on Atom's lending and the provisions held for credit impairment.

As a retail bank, Atom uses the funds deposited to lend to customers. Atom currently provides secured and unsecured loans to small and medium enterprises and mortgages to individuals and professional landlords. As the principal risk of lending, disclosure is also provided on how Atom manages and mitigates credit risk.

Jump to:

9. Loans and advances to customers

The following table summarises lending by IFRS 9 impairment stage and the related provision:

	Mortgages	BBSL	BBUL	Total loans and advances to customers
At 31 March 2025:	**£'m**	**£'m**	**£'m**	**£'m**
Gross carrying amount:				
Stage 1: 12 month expected loss	4,027.4	779.0	198.0	5,004.4
Stage 2: Lifetime - loans not credit impaired	189.1	52.1	51.0	292.2
Stage 3: Lifetime - credit impaired loans	35.0	7.6	7.6	50.2
Total gross carrying amount	**4,251.5**	**838.7**	**256.6**	**5,346.8**
Fair value adjustment*	(19.8)	-	-	(19.8)
Effective interest rate adjustment	(6.0)	(1.1)	-	(7.1)
Total gross carrying amount including valuation adjustments	**4,225.7**	**837.6**	**256.6**	**5,319.9**
Less expected credit loss provision:				
Stage 1: 12 month expected loss	(2.5)	(1.3)	(2.2)	(6.0)
Stage 2: Lifetime - loans not credit impaired	(2.0)	(0.7)	(2.9)	(5.6)
Stage 3: Lifetime - credit impaired loans	(1.4)	(1.3)	(4.1)	(6.8)
Provision for on balance sheet impairment losses	**(5.9)**	**(3.3)**	**(9.2)**	**(18.4)**
Net balance sheet carrying value	**4,219.8**	**834.3**	**247.4**	**5,301.5**
Loan commitments				
Gross commitments	223.8	143.9	-	367.7
12 month expected loss provision	(0.1)	(0.3)	-	(0.4)
Total credit impairment provision	**(6.0)**	**(3.6)**	**(9.2)**	**(18.8)**
Total coverage ratio	**0.13%**	**0.37%**	**3.59%**	**0.33%**

	Mortgages	BBSL	BBUL	Total loans and advances to customers
At 31 March 2024:	**£'m**	**£'m**	**£'m**	**£'m**
Gross carrying amount:				
Stage 1: 12 month expected loss	3,090.8	517.0	273.9	3,881.7
Stage 2: Lifetime - loans not credit impaired	135.0	82.0	22.9	239.9
Stage 3: Lifetime - credit impaired loans	16.8	8.9	10.5	36.2
Total gross carrying amount	**3,242.6**	**607.9**	**307.3**	**4,157.8**
Fair value adjustment*	(33.9)	-	-	(33.9)
Effective interest rate adjustment	(3.2)	-	0.2	(3.0)
Total gross carrying amount including valuation adjustments	**3,205.5**	**607.9**	**307.5**	**4,120.9**
Less expected credit loss provision:				
Stage 1: 12 month expected loss	(2.8)	(1.2)	(4.3)	(8.3)
Stage 2: Lifetime - loans not credit impaired	(1.6)	(0.9)	(2.7)	(5.2)
Stage 3: Lifetime - credit impaired loans	(0.7)	(0.9)	(4.9)	(6.5)
Provision for on balance sheet impairment losses	**(5.1)**	**(3.0)**	**(11.9)**	**(20.0)**
Net balance sheet carrying value	**3,200.4**	**604.9**	**295.6**	**4,100.9**
Loan commitments				
Gross commitments	436.5	107.7	-	544.2
12 month expected loss provision	(0.3)	(0.2)	-	(0.5)
Total credit impairment provision	**(5.4)**	**(3.2)**	**(11.9)**	**(20.5)**
Total coverage ratio	**0.15%**	**0.44%**	**3.88%**	**0.44%**

*The fair value adjustment arises as a result of fair value hedge accounting as disclosed in note 25. That, and the effective interest adjustment have not been allocated across IFRS 7 credit risk disclosures.

9. Loans and advances to customers (continued)

Mortgages

Fixed rate mortgage products are offered to customers via brokers. The portfolio is predominantly owner-occupied, however, it does include £895m (FY24: £612m) of buy to let lending to professional landlords. During FY25 the portfolio grew by 31% to £4.2bn. Loans are offered across the LTV range, with the current focus on higher LTV mortgages. Near prime lending, offered to customers that might otherwise face challenges securing a mortgage, increased to £183m (FY24: £113m).

The provision of £5.9m (FY24: £5.1m) results in a coverage ratio of 0.13% (FY24: 0.15%). Low levels of delinquency continue to be experienced, with 95% (FY24: 95%) of total mortgage value classified as Stage 1. The proportion of the portfolio in arrears or forbearance remains low, at 0.5% (FY24: 0.3%).

Mortgages of £224m (FY24: £437m) were also committed, but not completed, to 1,152 (FY24: 2,177) customers. A provision of £81k (FY24: £320k) was held against this potential exposure, resulting in a total mortgage provision of £6.0m (FY24: £5.4m).

The fair value adjustment of £(20m) (FY24: £(34m)) reflects the IAS 39 macro hedge adjustment as described in note 25.

There has been no mortgages subject to modification.

BBSL

The Group offers secured loans to SMEs, with the loan book growing by 38% to £834m. Atom was accredited to the UK Government's Recovery Loan Scheme (RLS) which followed the Coronavirus Business Interruption Loan Scheme (CBILS), and £65m (FY24: £78m) of new lending under the RLS scheme was completed in the year. Lending under the RLS scheme is subject to an 80% or 70% guarantee from the government, depending on whether the loan originated before or after 1 January 2022, respectively. Lending under the CBILS scheme is subject to an 80% guarantee from the government.

The provision coverage rate reduced to 0.37% (FY24: 0.44%) due to a change in loan mix, with fewer loans in default and assigned a stage 3 provision. 93% (FY24: 85%) of the loan book is in stage 1 showing no significant increase in credit risk since origination. A total of £141m (FY24: £172m) is held as at the reporting date, which was originated under the CBILS scheme, with a further £244m (FY24: £203m) under RLS.

Levels of arrears and forbearance remain low and have reduced to 0.6% (FY24: 0.9%) of the outstanding balance.There has been no BBSL accounts subject to modification.

Loans totalling £144m (FY24: £108m) were committed, but not completed, to 206 (FY24: 158) customers. A provision of £308k (FY24: £161k) was held against this exposure, resulting in a total BBSL provision of £3.6m (FY24: £3.2m).

BBUL

Unsecured loans are offered to SMEs in conjunction with a third-party origination partner, predominantly under the RLS, CBILS and Growth Guarantee Scheme (GGS). Many of the CBILS and earlier RLS loans reached maturity during the year, and that, combined with principal repayments across the portfolio have resulted in a reduction in the outstanding balance to £248m (FY24: £296m).

During the year, £89.9m of loans origination took place, all under the RLS and GGS scheme, attracting a government guarantee of 70%. As a result, 83% (FY24: 78%) of the closing loan book attracted either a CBILS, RLS or GGS guarantee.

A provision of £9.2m (FY24: £11.9m) has been recognised resulting in a coverage ratio of 3.59% (FY24: 3.88%). This has reduced due to an increase in the proportion of loans attracting government guarantee and macroeconomic conditions.

10. Managing credit risk

Credit risk is the current or prospective risk that a customer defaults on their contractual obligations to Atom or fails to perform their obligations in a timely manner.

Atom currently provides mortgages to individuals and professional landlords as well as secured and unsecured loans to businesses in order to generate a return through interest income. Lending creates credit risk as borrowers may fail to pay the interest or the capital due. This is typically caused by a change in an individual customer's behaviour or circumstances or by adverse changes in the macro-economic environment that affect the customer. As a material risk to Atom, there is significant management focus on setting credit risk appetite and embedding appropriate credit risk mitigation.

Retail Credit Risk Management

The Board, acting via BRC, defines the Bank's overall risk appetite as: by originating a high-quality and well-diversified mortgage and commercial lending portfolio, credit losses will remain sustainable throughout the economic cycle. BRC sets prudent credit risk limits to achieve this objective.

ERC is responsible for delivering BRC's defined risk appetite and does this by setting and monitoring lending policy and ensuring that appropriate controls are in place to maintain the quality of lending, including reviewing comprehensive management information, such as credit portfolio and financial accounting metrics, and undertaking benchmarking against comparative data.

Exposure to credit risk is managed by first line operations throughout the underwriting process, and ongoing exposure is monitored by the Credit Strategy function and overseen by the second line Credit Risk function. The process is overseen by Credit Committee, whose activities and decisions are overseen by both ERC and BRC.

Early warning indicators, credit performance trends and key risk indicators are regularly monitored by Credit Committee and any identified issues are highlighted to ERC and BRC. Any recommendations to change policy to maintain performance within appetite are discussed at Credit Committee prior to presentation to ERC for approval and subsequent implementation.

10. Managing credit risk (continued)

Retail Credit Risk Mitigation

Atom utilises a range of approaches to mitigate credit risk including risk and control self-assessment, setting of credit risk policy, allocation of underwriting mandates, credit underwriting processes, obtaining collateral, credit risk performance monitoring, stress testing and credit risk transfer.

The Credit Strategy function sets a credit risk policy that is consistent with its specified risk appetite for each type of lending. All such policies are reviewed at least annually. Credit policies are supported by lending manuals which define the responsibilities of underwriters and provide a rule set for credit decisions. For mortgages, policy criteria are embedded in the Bank's credit decision system to ensure accuracy and consistency of decisioning. Where asset origination is achieved via partnership, the Credit Strategy function performs detailed due diligence of the "outsourced" processes which Credit Risk completes second line oversight of, to ensure lending is in line with risk appetite.

The Board devolves underwriting approval authority and limits within the Bank's Risk Appetite Framework but retains final decision-making responsibility for higher value or out of policy transactions. Individual underwriter mandates are approved based upon previous experience, completion of prescribed training and verified evidence of satisfactorily applying lending policy on a suitable sample of cases and are monitored through regular quality assurance.

To assess the quality of new lending applications, Atom utilises a combination of statistical modelling (credit scores/risk grades) and review of applications against lending policy criteria. In the case of mortgages this assessment is largely conducted automatically using the Bank's decision system. This approach allows for consistent lending decisions with minimal intervention by underwriters. For business lending all assessments of applications are carried out by experienced and appropriately mandated underwriters.

All lending decisions are predominantly based on an obligor's ability to repay rather than reliance on the disposal of any security provided. For every loan application a detailed affordability assessment based on provable income or business earnings and a stressed interest rate is conducted to establish the maximum loan size available.

The sole acceptable collateral type for mortgages and secured business loans is a first charge over residential or commercial property. Property offered as security must be of acceptable construction and located in England, Wales, Scotland or Northern Ireland. Title to the property must be good, marketable, and free from onerous restrictions and conditions. Collateral will be valued by an appropriately qualified surveyor allocated by the Bank's master valuer and subject to periodic audit checks, or, for residential properties, by objective automated valuation models where sufficient recent comparable evidence is available to derive an accurate valuation.

Maximum loan to value ratio primarily depends upon loan size and, in the case of commercial property, the collateral stress band associated with the type of security property. Property valuations are reviewed and updated on a regular basis, primarily via indexation.

All lending policies are determined with reference to current and likely future expectations of the UK's macro-economic environment and with an expectation that material losses will not occur. Regular stress testing is undertaken on all retail credit portfolios to estimate losses which may emerge under a range of macroeconomic and firm-specific stress scenarios to ensure that Atom remains within its retail credit risk appetite.

Atom places great emphasis on working with existing borrowers who experience financial difficulty on an individual basis, and to consider each case of financial hardship on its own merits. Applicable customers will be offered suitable forbearance options ranging from straight forward and realistic payment arrangements (based upon income and expenditure assessments) to more complex loan restructuring. Repossession of a property is only sought where all reasonable efforts to resolve matters and repay missed payments have failed.

Collections and recovery activity is overseen by the Credit Committee, who set the collections policy with the objective of treating customers fairly and subsequently monitor arrears performance and compliance with policy and regulation.

10. Managing credit risk (continued)

Accounting for lending and credit risk

i) Classification and measurement
Under IFRS 9 loans are recognised at fair value upon legal completion. Subsequently all products are classified and measured at amortised cost because:

- As core products to Atom's retail bank strategy the business objective of the lending is to hold the asset to collect contractual cash flows to maturity; and
- the contractual terms of the loans give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. The loans are vanilla retail lending products with no features that give rise to significant other cash flows.

ii) Impairment
IFRS 9 requires recognition of expected credit losses based upon unbiased forward-looking information and is applicable to all financial assets at amortised cost, debt financial assets at fair value through other comprehensive income and loan commitments. The guidance requires assets to be classified into the following three stages:

- Stage 1: instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses (ECL) are recognised and interest revenue is calculated on the gross carrying amount of the asset. 12-month ECL are those that result from default events that are expected within 12 months of the reporting date.
- Stage 2: instruments that have experienced a significant increase in credit risk (SICR) since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are those that result from all possible default events over the expected life of the financial instrument.
- Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised, and interest revenue is calculated on the net carrying amount.

Assessment of IFRS 9 impairments requires a number of supporting models and policies.

ECL model

Credit losses are the expected cash shortfalls from what is contractually due over the expected life of the financial instrument, discounted at the original effective interest rate. The model calculates ECL at a customer level by multiplying probability of default (PD), loss given default (LGD) and exposure at default (EAD) and discounting using the original effective interest rate.

- PD represents the likelihood of a customer defaulting on their loan. The 12-month PD is either taken from a behavioural or application scorecard. This is then extrapolated using historical industry data to calculate the lifetime PD.
- EAD is based on the amount expected to be owed at the point of default, with the key assumptions being customer paydown and level of arrears.
- LGD estimates the amount of loss on a defaulted exposure at the point of default, as a percentage of the defaulted exposure (EAD), with key drivers to that estimate being probability of possession given default (PPD) and forced sale discount (FSD).

The ECL model is subject to model monitoring and independent validation, with changes made to improve performance or address identified limitations.

10. Managing credit risk (continued)

Determining a significant increase in credit risk since initial recognition

The impairment model utilises both relative and absolute criteria to identify significant increases in credit risk:

- Mortgages absolute: 30 days past due or unsatisfied CCJ / default on the customer's credit file since inception date (i.e., including credit events with other organisations).
- Mortgages relative: a six times increase in lifetime probability of default (PD) since origination with a minimum 0.5% increase in lifetime PD across all risk grades.
- BBSL and BBUL absolute: 30 days past due.
- BBSL and BBUL relative: moved to watchlist. Numerous quantitative and qualitative watchlist factors are monitored including changes in bureau score, formal credit actions (e.g. winding up orders, CCJs, meeting of creditors), adverse changes in financial performance, and changes in directors. Current and forecast adverse changes in the customer's geographical location and sector are also considered.

Stage transition criteria are validated on an annual basis using a combination of internally available data, purchased data and industry level benchmarking.

Forecast economic data

IFRS 9 requires ECL to reflect a range of possible outcomes and to consider a range of future economic scenarios. The Group utilises an independent economic consultancy to calculate its base and alternative scenarios on a quarterly basis. The Bank makes use of four separate narrative driven scenarios, with a higher level of variability and range between these economic scenarios.

The UK economy is currently facing a period of uncertainty, characterised by projections of slow and uneven GDP growth, exemplified by a modest 1.1% increase in 2024 and minimal growth in the final quarter of 2024. The labour market experienced marginal employment growth in 2024 and falling vacancies, despite continued strong wage growth. Inflationary pressures (CPI) intensified to 3.0% in January of 2025 and are expected to remain above the target for much of 2025 due to increasing labour costs and an anticipated increase in energy prices in April 2025. Overall, whilst the economic outlook has improved from the previous year, it still remains uncertain, influenced by geopolitical risks, potential US trade tariffs, and future domestic fiscal policies.

Statistical analysis has been performed to identify the economic variables that are significant to ECL. These variables are then applied to PD, LGD and EAD, with the weighted average of the four scenarios used to calculate the ECL. The most significant economic assumptions which drive forecasts of the ECL are interest rates, house prices (mortgages) or commercial real estate forecasts (business lending), and unemployment rates.

The following table shows the weights applied to each economic scenario in the model:

	FY25				FY24			
	Upside	Base	Downside 1	Downside 2	Upside	Base	Downside 1	Downside 2
Scenario weighting	7.5%	40.0%	40.0%	12.5%	20.0%	40.0%	25.0%	15.0%

Management assesses the weights applied to each macro-economic scenarios to ensure that modelled credit impairment charges are reflective of events and conditions that existed as at the reporting date. Macro economic forecasts included in the model are reflective of information as at February 2025, therefore the current year weight has been adjusted to increase the likelihood allocated to the downside scenario, with a corresponding reduction to the upside and downside 2 scenario. This is to reflect the higher likelihood of a scenario different to that of the base case, given the increased uncertainty in the near term following US tariff announcements.

10. Managing Credit risk (continued)

The following table presents key variables from the forecasts used in FY25 by year:

	FY26 %	FY27 %	FY28 %	FY29 %	FY30 %
Upside					
BoE Interest rate[1]	3.5	3.0	3.0	3.0	3.0
House price index[2]	11.3	4.2	4.1	4.0	4.0
Commercial real estate index[2]	8.1	1.4	1.3	1.1	1.0
Unemployment rate[3]	4.1	3.9	3.8	3.8	3.8
Base					
BoE Interest rate[1]	4.5	3.8	3.5	3.5	3.5
House price index[2]	3.3	4.2	4.1	4.0	4.0
Commercial real estate index[2]	2.7	1.4	1.3	1.1	0.9
Unemployment rate[3]	4.5	4.6	4.5	4.4	4.3
Downside 1					
BoE Interest rate[1]	6.0	6.0	5.7	5.0	4.0
House price index[2]	(2.8)	2.8	4.1	4.0	4.0
Commercial real estate index[2]	(4.6)	3.2	1.4	1.1	1.0
Unemployment rate[3]	4.9	5.5	5.6	5.3	4.9
Downside 2					
BoE Interest rate[1]	8.3	8.1	7.0	6.0	5.1
House price index[2]	(9.1)	(1.9)	4.2	4.0	4.0
Commercial real estate index[2]	(20.4)	9.5	2.7	1.2	1.0
Unemployment rate[3]	5.9	7.2	7.4	7.0	6.4

The following table presents key variables from the forecasts used in FY24 by year:

	FY25 %	FY26 %	FY27 %	FY28 %	FY29 %
Upside					
BoE Interest rate[1]	4.6	3.5	2.8	2.8	2.8
House price index[2]	5.5	4.8	4.9	4.1	4.0
Commercial real estate index[2]	5.8	1.6	1.6	1.2	1.2
Unemployment rate[3]	3.6	3.5	3.5	3.4	3.4
Base					
BoE Interest rate[1]	5.1	4.5	4.0	3.4	3.3
House price index[2]	(0.1)	4.6	4.9	4.1	4.0
Commercial real estate index[2]	(0.3)	1.4	1.2	1.3	1.3
Unemployment rate[3]	4.1	4.1	3.9	3.8	3.7
Downside 1					
BoE Interest rate[1]	6.8	6.5	5.8	4.9	4.3
House price index[2]	(6.6)	3.2	4.9	4.1	4.0
Commercial real estate index[2]	(8.9)	4.0	2.3	1.4	1.4
Unemployment rate[3]	5.4	5.5	5.2	4.9	4.6
Downside 2					
BoE Interest rate[1]	8.5	8.5	7.8	6.8	5.8
House price index[2]	(12.8)	(0.8)	5.0	4.2	4.0
Commercial real estate index[2]	(22.9)	9.7	6.3	1.6	1.5
Unemployment rate[3]	7.4	7.6	7.1	6.6	6.1

[1]Maximum BoE interest rate
[2]HPI and CREI are the Q4 v Q4 year on year movement
[3]Average unemployment rate

10. Managing Credit risk (continued)

Definition of default and credit impaired assets

Atom's default definition is aligned to EBA guidelines and utilises a wide range of criteria. Directly originated Mortgage and BBSL accounts are classified as in default if any of the following criteria has been met: 90 days past due; entered forbearance; security has been taken into possession; or the customer is bankrupt or in a debt arrangement scheme relating to secured debt. Third party originated Mortgage and BBUL accounts are classified as in default if they are 90 days past due or Atom is in receipt of notification of default classification from the originator.

Forbearance and modifications to loans

The terms of a loan may be renegotiated with a customer in order to maximise recoveries. This could include extended payment arrangements, or the modification or deferral of payments. For loan modifications, quantitative and qualitative evaluation takes place to assess whether or not the new terms are substantially different to the old terms.

If the new terms are not substantially different to the original terms, the modification in contractual cash flows does not result in derecognition. The gain or loss on modification of the contractual cash flow associated with the recognition of the revised gross carrying amount is recognised in the statement of comprehensive income.

When the new terms are substantially different to the original terms, the original asset is derecognised, and a new asset is recognised with a new EIR. At the date of recognition of the new asset, an assessment is made as to whether the asset was credit impaired on recognition. The difference between the carrying amount derecognised and that recognised is included in the statement of comprehensive income as a gain or loss on derecognition.

Write off policy

A loan is written off, either partially or in full, against the related provision when the proceeds from realising any available security have been received or there is no realistic prospect of recovery, and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are recognised directly in the statement of comprehensive income.

Post model adjustments (PMAs)

Where there is an expectation that losses could arise in excess of the modelled output, either as a result of customer or economic data that is available but was not incorporated into the modelled output, or as a result of model limitations, PMAs are incorporated.

As at 31 March 2025, the following PMAs were recognised:

- Mortgages and BBSL: a £0.2m PMA is held for the expected shortall in the modelled provision for properties that are in the process of repossession.
- BBUL: A £0.8m PMA has been recognised to refine the LGD assumptions on BBUL loans that do not attract government guarantee. This adjustment addresses a model underestimation of the exposure at default for this specific portfolio segment.
- BBSL: A £0.3m PMA was incorporated for a watchlist, for commercial properties which have experienced a >10% down valuation since origination.
- BBSL: A £0.3m PMA applied to better estimate loss due to insufficient customer performance data.

10. Managing Credit risk (continued)

Critical accounting estimates and judgements

- **Significant increase in credit risk (SICR):** Considerable judgement is required in determining the point at which a SICR has occurred, as this is the point at which a lifetime ECL is recorded in place of a 12-month ECL. A series of quantitative and qualitative indicators are used to determine whether a SICR has occurred, as outlined above.
- **Definition of default:** The PD of an exposure, both over a 12-month period and over its lifetime, is a key input to the measurement of the expected credit loss allowance. Default under Stage 3 has occurred when there is evidence that the customer is experiencing significant financial difficulty which is likely to affect the ability to repay amounts due. The definition of default adopted is described above.
- **Post model adjustments:** These judgements increase the ECL provision where it is considered that the modelled output does not fully reflect market expectations or the most up to date customer behaviour and is described in more detail above.

Sources of estimation uncertainty

The calculation of the Group's impairment provision is sensitive to changes in the chosen probability weighting of each of the four economic scenarios. To illustrate the impairment models sensitivity to the macroeconomic scenarios, the table below summarises by how much the total provision would change, if a weighting of 100% was applied to each scenario in turn.

	Upside	Base	Downside 1	Downside 2
At 31 March 2025	**£'m**	**£'m**	**£'m**	**£'m**
Mortgages	(4.6)	(3.7)	0.5	13.0
BBSL	(1.4)	(1.0)	0.5	2.8
BBUL	(0.3)	(0.2)	0.1	0.5
Total	**(6.3)**	**(4.9)**	**1.1**	**16.3**

If the base scenario was 100% applied, the total provision would reduce by £4.9m (FY24: £5.0m).

	Upside	Base	Downside 1	Downside 2
At 31 March 2024	**£'000**	**£'000**	**£'000**	**£'000**
Mortgages	(4.0)	(3.4)	0.7	14.0
BBSL	(1.6)	(1.3)	0.2	2.7
BBUL	(0.6)	(0.3)	0.3	1.3
Total	**(6.2)**	**(5.0)**	**1.2**	**18.0**

11. Collateral held and other credit enhancements

The Group holds collateral against loans and advances to customers in the form of a first charge over residential or commercial real estate. Credit risk disclosures report assets gross of collateral and therefore disclose the maximum loss exposure. The value of collateral is reassessed if evidence of financial distress of the borrower has been observed and repossession action was being taken.

Loans are originated with a maximum LTV of 95%. In some cases, the addition of fees can result in the total outstanding balance exceeding 95% of the collateral value.

The FY24 LTV summaries have been adjusted to reflect indexed property valuations relating to the buy to let portfolio, which was previously reported on unindexed property valuations.

Current loan to value (LTV)

The below tables show the total provision categorised against the LTV ratio for mortgages and BBSL. In both the current and prior year no loan commitments are in stage 2 or stage 3.

	Stage 1		Stage 2		Stage 3		Stage 1	
As at 31 March 2025	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross loan commitment	Provision against loan commitments
Mortgages by current LTV ratio	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
LTV <= 60%	510.8	0.1	38.7	0.1	6.0	0.1	16.6	-
60% < LTV <= 65%	199.8	0.1	10.9	0.1	3.6	0.1	6.3	-
65% < LTV <= 70%	351.0	0.2	14.1	0.1	3.2	0.1	7.0	-
70% < LTV <= 75%	725.8	0.5	24.3	0.2	3.8	0.1	20.7	-
75% < LTV <= 80%	616.0	0.4	29.4	0.4	4.1	0.1	29.4	0.1
80% < LTV <= 85%	709.9	0.5	48.6	0.7	6.9	0.3	33.2	-
85% < LTV <= 90%	651.9	0.5	18.1	0.3	5.8	0.4	61.3	-
90% < LTV <= 95%	262.2	0.2	5.0	0.1	1.4	0.2	49.3	-
95% < LTV <= 100%	-	-	-	-	0.2	-	-	-
Total Mortgages	**4,027.4**	**2.5**	**189.1**	**2.0**	**35.0**	**1.4**	**223.8**	**0.1**

	Stage 1		Stage 2		Stage 3		Stage 1	
As at 31 March 2024	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross loan commitment	Provision against loan commitments
Mortgages by current LTV ratio	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
LTV <= 60%	393.3	0.1	26.4	0.1	2.9	-	25.8	-
60% < LTV <= 65%	143.2	0.1	9.2	0.1	2.7	-	15.9	-
65% < LTV <= 70%	206.5	0.2	11.6	0.1	1.0	-	23.0	-
70% < LTV <= 75%	355.5	0.3	16.8	0.1	2.4	0.2	47.5	0.1
75% < LTV <= 80%	665.7	0.7	21.7	0.3	1.8	0.1	112.5	0.2
80% < LTV <= 85%	364.0	0.3	25.9	0.4	2.7	0.2	54.8	-
85% < LTV <= 90%	596.5	0.6	15.9	0.3	1.5	0.1	101.4	-
90% < LTV <= 95%	348.6	0.5	6.9	0.1	1.6	0.1	55.6	-
95% < LTV <= 100%	17.5	-	0.6	0.1	0.2	-	-	-
Total Mortgages	**3,090.8**	**2.8**	**135.0**	**1.6**	**16.8**	**0.7**	**436.5**	**0.3**

11. Collateral held and other credit enhancements (continued)

Current loan to value (LTV) (continued)

As at 31 March 2025	Stage 1		Stage 2		Stage 3		Stage 1	
	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross loan commitment	Provision against loan commitments
BBSL by current LTV ratio	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
LTV <= 50%	248.3	0.1	13.6	-	0.8	-	30.5	-
50% < LTV <= 60%	180.5	0.3	16.3	0.4	0.5	0.1	27.5	-
60% < LTV <= 70%	223.9	0.6	13.4	0.2	2.5	0.5	49.5	0.2
70% < LTV <= 80%	117.6	0.3	6.8	0.1	3.4	0.6	34.7	0.1
80% < LTV <= 90%	8.7	-	2.0	-	0.4	0.1	1.7	-
Total BBSL	**779.0**	**1.3**	**52.1**	**0.7**	**7.6**	**1.3**	**143.9**	**0.3**

As at 31 March 2024	Stage 1		Stage 2		Stage 3		Stage 1	
	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross loan commitment	Provision against loan commitments
BBSL by current LTV ratio	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
LTV <= 50%	126.0	0.1	20.3	0.1	0.9	0.1	29.1	-
50% < LTV <= 60%	89.2	0.2	17.3	0.2	2.1	0.2	33.2	0.1
60% < LTV <= 70%	149.2	0.5	22.2	0.3	3.0	0.2	18.3	-
70% < LTV <= 80%	134.1	0.4	20.9	0.3	2.9	0.4	25.2	0.1
80% < LTV <= 90%	18.5	-	1.3	-	-	-	1.9	-
Total BBSL	**517.0**	**1.2**	**82.0**	**0.9**	**8.9**	**0.9**	**107.7**	**0.2**

There have been no significant changes in the value of collateral held because of deterioration in the quality of the collateral held or due to changes in policies.

12. Credit quality

Segmentation by risk grade

The table below provides information on the credit quality of the loan book. The portfolio is segmented by the risk grade, with each grade having an associated PD range.

	Stage 1		Stage 2		Stage 3		Stage 1	
As at 31 March 2025	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross loan commitment	Provision against loan commitments
Mortgages by behavioural PD	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
Very low risk	2,243.9	0.9	9.4	0.1	-	-	170.4	0.1
Low risk	766.6	0.2	11.8	-	-	-	30.7	-
Medium low risk	321.3	0.2	10.7	-	0.2	-	10.1	-
Medium risk	689.0	1.2	157.2	1.9	-	-	11.9	-
Higher risk	6.6	-	-	-	34.8	1.4	0.7	-
Total Mortgages	**4,027.4**	**2.5**	**189.1**	**2.0**	**35.0**	**1.4**	**223.8**	**0.1**

	Stage 1		Stage 2		Stage 3		Stage 1	
As at 31 March 2024	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross loan commitment	Provision against loan commitments
Mortgages by behavioural PD	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
Very low risk	1,511.4	0.9	16.2	0.1	-	-	367.9	0.3
Low risk	645.0	0.2	7.4	-	-	-	43.1	-
Medium low risk	407.8	0.3	13.1	0.1	-	-	16.7	-
Medium risk	521.7	1.4	97.5	1.4	-	-	8.5	-
Higher risk	4.9	-	0.8	-	16.8	0.7	0.3	-
Total Mortgages	**3,090.8**	**2.8**	**135.0**	**1.6**	**16.8**	**0.7**	**436.5**	**0.3**

The mortgage portfolio continues to be predominantly in the very low, low, and medium risk bands which is a reflection of Atom's risk appetite of only lending to customers with little or no adverse credit history. The portfolio is monitored on an ongoing basis with behavioural scores updated monthly.

12. Credit quality (continued)

Segmentation by risk grade (continued)

As at 31 March 2025	Stage 1		Stage 2		Stage 3		Stage 1	
	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross loan commitment	Provision against loan commitments
BBSL by origination PD	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Very low risk	375.7	0.3	24.2	0.3	-	-	79.8	0.1
Low risk	210.3	0.4	13.6	0.2	-	-	45.3	0.1
Medium risk	186.5	0.6	12.4	0.2	-	-	16.3	0.1
Medium high risk	6.5	-	1.9	-	7.6	1.3	2.5	-
Total BBSL	**779.0**	**1.3**	**52.1**	**0.7**	**7.6**	**1.3**	**143.9**	**0.3**

As at 31 March 2024	Stage 1		Stage 2		Stage 3		Stage 1	
	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross loan commitment	Provision against loan commitments
BBSL by origination PD	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Very low risk	191.9	0.2	9.9	0.2	-	-	69.1	0.1
Low risk	164.6	0.3	17.4	0.1	-	-	21.3	-
Medium risk	154.4	0.6	50.4	0.5	-	-	17.0	0.1
Medium high risk	6.1	0.1	4.3	0.1	8.9	0.9	0.3	-
Total BBSL	**517.0**	**1.2**	**82.0**	**0.9**	**8.9**	**0.9**	**107.7**	**0.2**

12. Credit quality (continued)

Segmentation by risk grade (continued)

As at 31 March 2025	Stage 1		Stage 2		Stage 3	
	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision
BBUL by origination PD	£'m	£'m	£'m	£'m	£'m	£'m
Low risk	40.0	0.5	8.9	0.7	-	-
Medium risk	109.3	1.4	24.1	1.4	-	-
Medium high risk	32.6	0.2	11.1	0.5	-	-
Higher Risk	16.1	0.1	6.9	0.3	7.6	4.1
Total BBUL	**198.0**	**2.2**	**51.0**	**2.9**	**7.6**	**4.1**

As at 31 March 2024	Stage 1		Stage 2		Stage 3*	
	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision
BBUL by origination PD	£'m	£'m	£'m	£'m	£'m	£'m
Low risk	41.7	0.7	0.4	0.1	-	-
Medium risk	120.0	2.3	8.6	0.6	-	-
Medium high risk	78.1	0.9	3.9	0.9	-	-
Higher Risk	34.1	0.4	10.0	1.1	10.5	4.9
Total BBUL	**273.9**	**4.3**	**22.9**	**2.7**	**10.5**	**4.9**

12. Credit quality (continued)

Non-performing loans

Forbearance measures are concessions towards those customers that are experiencing or about to experience difficulties in meeting their financial commitments. Accounts are determined to be in arrears if they have missed at least one payment. The below tables provide analysis of those loans that were in arrears or forbearance measures at year end.

	FY25			FY24		
	Gross carrying amount	Proportion of loan portfolio	ECL Provision	Gross carrying amount	Proportion of loan portfolio	ECL Provision
Residential mortgages	£'m	%	£'m	£'m	%	£'m
Forbearance measures	1.1	0.0%	-	1.6	0.0%	-
Arrears	19.8	0.5%	0.9	5.3	0.2%	0.3
Arrears and forbearance	0.6	0.0%	0.1	3.7	0.1%	0.3
Total	**21.5**	**0.5%**	**1.0**	**10.6**	**0.3%**	**0.6**

	FY25			FY24		
	Gross carrying amount	Proportion of loan portfolio	ECL Provision	Gross carrying amount	Proportion of loan portfolio	ECL Provision
BBSL	£'m	%	£'m	£'m	%	£'m
Forbearance measures	0.5	0.1%	-	2.5	0.4%	0.1
Arrears	4.1	0.5%	0.5	2.7	0.4%	0.2
Arrears and forbearance	0.2	0.0%	0.1	0.9	0.1%	-
Total	**4.8**	**0.6%**	**0.6**	**6.1**	**0.9%**	**0.3**

	FY25			FY24		
	Gross carrying amount	Proportion of loan portfolio	ECL Provision	Gross carrying amount	Proportion of loan portfolio	ECL Provision
BBUL	£'m	%	£'m	£'m	%	£'m
Forbearance measures	1.9	0.7%	0.1	2.3	0.8%	0.1
Arrears	10.0	3.9%	2.4	8.7	2.8%	2.5
Arrears and forbearance	-	0.0%	-	-	0.0%	-
Total	**11.9**	**4.6%**	**2.5**	**11.0**	**3.6%**	**2.6**

12. Credit quality (continued)

Segmentation by loan size

The following tables provide information on the portfolio by loan size.

	Stage 1		Stage 2		Stage 3		Stage 1	
As at 31 March 2025	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross loan commitment	Provision against loan commitments
Mortgages by loan size	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Loan <= £250k	2,345.6	1.6	127.4	1.5	25.6	1.1	119.0	0.1
£250k < Loan <= £500k	1,339.5	0.7	50.6	0.4	8.2	0.2	76.1	-
£500k < Loan <= £1m	320.3	0.2	8.1	0.1	1.2	0.1	27.5	-
£1m < Loan <= £2m	22.0	-	3.0	-	-	-	1.2	-
Total Mortgages	**4,027.4**	**2.5**	**189.1**	**2.0**	**35.0**	**1.4**	**223.8**	**0.1**

	Stage 1		Stage 2		Stage 3		Stage 1	
As at 31 March 2024	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross loan commitment	Provision against loan commitments
Mortgages by loan size	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Loan <= £250k	1,860.9	1.7	92.1	1.2	13.1	0.5	229.9	0.2
£250k < Loan <= £500k	1,027.5	0.9	35.1	0.4	3.1	0.2	161.5	0.1
£500k < Loan <= £1m	183.8	0.2	4.7	-	0.6	-	44.1	-
£1m < Loan <= £2m	18.6	-	3.1	-	-	-	1.0	-
Total Mortgages	**3,090.8**	**2.8**	**135.0**	**1.6**	**16.8**	**0.7**	**436.5**	**0.3**

12. Credit quality (continued)

Segmentation by loan size (continued)

As at 31 March 2025	Stage 1		Stage 2		Stage 3		Stage 1	
	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross loan commitment	Provision against loan commitments
BBSL by loan size	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Loan <= £250k	31.9	0.1	1.7	-	0.6	0.1	3.3	-
£250k < Loan <= £500k	151.9	0.3	12.5	0.2	2.8	0.4	26.9	0.1
£500k < Loan <= £1m	251.9	0.4	18.0	0.2	3.2	0.6	51.0	0.1
£1m < Loan <= £2m	212.4	0.3	13.2	0.2	1.0	0.2	52.3	0.1
Loan > £2m	130.9	0.2	6.7	0.1	-	-	10.4	-
Total BBSL	**779.0**	**1.3**	**52.1**	**0.7**	**7.6**	**1.3**	**143.9**	**0.3**

As at 31 March 2024	Stage 1		Stage 2		Stage 3		Stage 1	
	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross loan commitment	Provision against loan commitments
BBSL by loan size	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Loan <= £250k	29.4	0.1	5.7	0.1	1.2	0.1	2.5	-
£250k < Loan <= £500k	101.0	0.3	21.2	0.2	3.4	0.4	22.7	-
£500k < Loan <= £1m	171.6	0.4	26.9	0.3	1.2	0.1	33.8	0.1
£1m < Loan <= £2m	127.3	0.2	19.4	0.2	3.1	0.3	34.3	0.1
Loan > £2m	87.7	0.2	8.8	0.1	-	-	14.4	-
Total BBSL	**517.0**	**1.2**	**82.0**	**0.9**	**8.9**	**0.9**	**107.7**	**0.2**

12. Credit quality (continued)

Segmentation by loan size (continued)

	Stage 1		Stage 2		Stage 3	
As at 31 March 2025	**Gross carrying amount**	**ECL Provision**	**Gross carrying amount**	**ECL Provision**	**Gross carrying amount**	**ECL Provision**
BBUL by loan size	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
Loan <= £100k	134.3	1.5	34.1	2.0	4.7	2.4
£100k < Loan <= £250k	59.8	0.7	16.3	0.9	2.9	1.7
£250k < Loan <= £500k	3.9	-	0.6	-	-	-
Total BBUL	**198.0**	**2.2**	**51.0**	**2.9**	**7.6**	**4.1**

	Stage 1		Stage 2		Stage 3	
As at 31 March 2024	**Gross carrying amount**	**ECL Provision**	**Gross carrying amount**	**ECL Provision**	**Gross carrying amount**	**ECL Provision**
BBUL by loan size	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
Loan <= £100k	137.9	2.1	11.2	1.3	4.4	2.3
£100k < Loan <= £250k	123.4	1.9	10.9	1.4	5.5	2.3
£250k < Loan <= £500k	12.6	0.3	0.8	-	0.6	0.3
Total BBUL	**273.9**	**4.3**	**22.9**	**2.7**	**10.5**	**4.9**

Strategic Report

Directors' Report

Financial Statements

13. Credit concentrations

The Group monitors concentrations of credit risk. Close monitoring of the geographical distribution of exposures, borrower profile, loan type and property characteristics help to manage the risk of overexposure to any one market segment.

Credit concentration by UK region

The following tables provide information on the portfolio segmented by geographic distribution.

	Stage 1		Stage 2		Stage 3		Stage 1	
As at 31 March 2025	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross loan commitment	Provision against loan commitments
Mortgages by UK region	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Greater London	868.8	0.6	21.4	0.2	2.4	0.1	44.0	-
Midlands	781.2	0.4	33.7	0.2	6.7	0.1	45.3	-
North	973.7	0.7	54.7	0.7	11.8	0.6	61.3	0.1
Northern Ireland	87.2	0.1	10.5	0.2	1.5	0.1	7.5	-
Scotland	374.5	0.3	18.8	0.3	3.0	0.2	11.2	-
South	823.2	0.3	41.6	0.3	7.6	0.2	45.3	-
Wales	118.8	0.1	8.4	0.1	2.0	0.1	9.2	-
Total Mortgages	**4,027.4**	**2.5**	**189.1**	**2.0**	**35.0**	**1.4**	**223.8**	**0.1**

	Stage 1		Stage 2		Stage 3		Stage 1	
As at 31 March 2024	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross loan commitment	Provision against loan commitments
Mortgages by UK region	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Greater London	644.8	0.7	17.4	0.1	2.1	0.1	125.8	0.1
Midlands	597.4	0.4	24.1	0.2	4.2	0.1	88.2	0.1
North	777.2	0.8	40.9	0.6	5.1	0.3	85.8	0.1
Northern Ireland	71.0	0.1	4.8	0.1	1.0	-	7.4	-
Scotland	300.8	0.3	14.0	0.3	1.2	-	20.8	-
South	607.9	0.4	28.9	0.2	2.0	0.1	96.0	-
Wales	91.7	0.1	4.9	0.1	1.2	0.1	12.5	-
Total Mortgages	**3,090.8**	**2.8**	**135.0**	**1.6**	**16.8**	**0.7**	**436.5**	**0.3**

13. Credit concentrations (continued)

Credit concentration by UK region (continued)

As at 31 March 2025 BBSL by UK region	Stage 1 Gross carrying amount £'m	Stage 1 ECL Provision £'m	Stage 2 Gross carrying amount £'m	Stage 2 ECL Provision £'m	Stage 3 Gross carrying amount £'m	Stage 3 ECL Provision £'m	Stage 1 Gross loan commitment £'m	Stage 1 Provision against loan commitments £'m
Greater London	164.2	0.3	9.3	0.2	0.6	-	22.8	-
Midlands	139.8	0.3	5.3	-	2.7	0.5	32.4	0.1
North	204.0	0.3	17.1	0.3	1.6	0.2	42.3	0.1
Northern Ireland	14.5	-	1.4	-	0.1	-	1.5	-
Scotland	64.5	0.1	6.2	0.1	1.3	0.5	8.5	-
South	166.7	0.3	10.8	0.1	0.4	0.1	29.8	0.1
Wales	25.3	-	2.0	-	0.9	-	6.6	-
Total BBSL	**779.0**	**1.3**	**52.1**	**0.7**	**7.6**	**1.3**	**143.9**	**0.3**

As at 31 March 2024 BBSL by UK region	Stage 1 Gross carrying amount £'m	Stage 1 ECL Provision £'m	Stage 2 Gross carrying amount £'m	Stage 2 ECL Provision £'m	Stage 3 Gross carrying amount £'m	Stage 3 ECL Provision £'m	Stage 1 Gross loan commitment £'m	Stage 1 Provision against loan commitments £'m
Greater London	96.0	0.2	12.9	0.1	1.5	0.1	25.1	-
Midlands	84.5	0.2	17.2	0.2	0.6	-	21.2	0.2
North	152.0	0.3	20.0	0.3	4.0	0.6	20.7	-
Northern Ireland	10.3	-	2.4	-	0.1	-	3.8	-
Scotland	42.4	0.1	14.7	0.1	2.0	0.2	11.4	-
South	112.0	0.3	13.3	0.2	0.2	-	24.4	-
Wales	19.8	0.1	1.5	-	0.5	-	1.1	-
Total BBSL	**517.0**	**1.2**	**82.0**	**0.9**	**8.9**	**0.9**	**107.7**	**0.2**

13. Credit concentrations (continued)

Credit concentration by UK region (continued)

	Stage 1		Stage 2		Stage 3	
As at 31 March 2025	**Gross carrying amount**	**ECL Provision**	**Gross carrying amount**	**ECL Provision**	**Gross carrying amount**	**ECL Provision**
BBUL by UK region	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
Greater London	33.7	0.4	4.5	0.3	1.0	0.6
Midlands	28.0	0.3	7.8	0.4	1.4	0.8
North	37.7	0.4	11.3	0.7	1.2	0.6
Northern Ireland	2.4	-	1.0	-	0.1	-
Scotland	12.1	0.2	2.9	0.1	0.3	0.1
South	77.5	0.8	21.5	1.3	3.3	1.9
Wales	6.6	0.1	2.0	0.1	0.3	0.1
Total BBUL	**198.0**	**2.2**	**51.0**	**2.9**	**7.6**	**4.1**

	Stage 1		Stage 2		Stage 3	
As at 31 March 2024	**Gross carrying amount**	**ECL Provision**	**Gross carrying amount**	**ECL Provision**	**Gross carrying amount**	**ECL Provision**
BBUL by UK region	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
Greater London	39.5	0.6	4.0	0.5	0.7	0.2
Midlands	40.1	0.6	3.7	0.3	2.2	1.1
North	57.4	0.8	3.7	0.6	2.0	1.1
Northern Ireland	4.9	0.1	0.2	-	0.1	-
Scotland	14.7	0.3	0.8	0.1	0.4	0.1
South	107.9	1.7	10.0	1.1	4.1	2.0
Wales	9.4	0.2	0.5	0.1	1.0	0.4
Total BBUL	**273.9**	**4.3**	**22.9**	**2.7**	**10.5**	**4.9**

The Group has a natural concentration in the UK market, as it only lends on residential and commercial properties within the UK, and Atom's exposure by region is broadly reflective of UK lending.

13. Credit concentrations (continued)

Credit concentration by business sector:

The following tables provide information on the BBSL and BBUL portfolio, segmented by the business sector.

	Stage 1		Stage 2		Stage 3		Stage 1	
As at 31 March 2025	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross loan commitment	Provision against loan commitments
BBSL by sector	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Accommodation & Food Services	46.0	0.1	2.8	0.1	0.9	0.2	7.6	-
Human Health & Social Work	88.1	0.2	-	-	0.3	-	28.6	0.1
Manufacturing	1.5	-	11.7	-	-	-	0.7	-
Property & Real Estate	563.5	0.9	31.6	0.6	5.8	1.0	97.4	0.2
Wholesale & Retail Trade	30.9	-	4.8	-	0.6	0.1	3.5	-
Professional services	29.0	0.1	-	-	-	-	5.4	-
Other	20.0	-	1.2	-	-	-	0.7	-
Total BBSL	**779.0**	**1.3**	**52.1**	**0.7**	**7.6**	**1.3**	**143.9**	**0.3**

	Stage 1		Stage 2		Stage 3		Stage 1	
As at 31 March 2024	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross loan commitment	Provision against loan commitments
BBSL by sector	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Accommodation & Food Services	7.3	-	32.3	0.2	3.0	0.2	7.7	-
Human Health & Social Work	73.5	0.2	1.7	-	0.3	-	13.3	-
Manufacturing	14.5	-	-	-	-	-	2.6	-
Property & Real Estate	353.4	0.8	45.6	0.7	4.9	0.6	71.5	0.2
Wholesale & Retail Trade	29.4	0.1	0.6	-	0.7	0.1	5.4	-
Professional services	22.5	0.1	-	-	-	-	4.0	-
Other	16.4	-	1.8	-	-	-	3.2	-
Total BBSL	**517.0**	**1.2**	**82.0**	**0.9**	**8.9**	**0.9**	**107.7**	**0.2**

13. Credit concentrations (continued)

Credit concentration by business sector (continued)

	Stage 1		Stage 2		Stage 3	
As at 31 March 2025	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision
BBUL by sector	£'m	£'m	£'m	£'m	£'m	£'m
Accommodation & Food Services	11.7	0.1	1.0	0.1	0.3	0.1
Human Health & Social Work	13.9	0.2	0.8	0.2	0.2	0.1
Manufacturing	-	-	28.0	0.7	1.2	0.8
Property & Real Estate	44.6	0.5	2.2	0.4	1.7	1.0
Transport, Storage & communications	23.3	0.2	1.5	0.3	1.0	0.6
Wholesale & Retail Trade	44.1	0.5	14.8	0.7	2.5	1.2
Professional Services	37.4	0.4	1.6	0.3	0.4	0.1
Other	23.0	0.3	1.1	0.2	0.3	0.2
Total BBUL	**198.0**	**2.2**	**51.0**	**2.9**	**7.6**	**4.1**

	Stage 1		Stage 2		Stage 3	
As at 31 March 2024	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision
BBUL by sector	£'m	£'m	£'m	£'m	£'m	£'m
Accommodation & Food Services	9.5	0.2	1.6	0.1	0.4	0.1
Human Health & Social Work	16.0	0.3	0.8	0.1	0.4	0.3
Manufacturing	37.9	0.5	1.9	0.2	1.5	0.7
Property & Real Estate	56.8	0.8	2.9	0.5	2.1	0.8
Transport, Storage & communications	27.8	0.5	3.9	0.2	1.2	0.5
Wholesale & Retail Trade	65.2	1.1	5.9	0.8	3.1	1.5
Professional Services	40.8	0.5	2.4	0.6	1.3	0.7
Other	19.9	0.4	3.5	0.2	0.5	0.3
Total BBUL	**273.9**	**4.3**	**22.9**	**2.7**	**10.5**	**4.9**

In response to the newly implemented import tariffs as part of US trade policy, Atom revised its watchlist criteria, to include Manufacturing and Automotive sectors, which were deemed to possess the most significant exposure to these tariffs. This impacted both BBSL and BBUL portfolios.

14. Impairment provision movement table

Analysis of changes in the IFRS 9 provision:

An analysis of changes in the IFRS 9 provision is as follows:

	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision
Residential mortgages	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
At 1 April 2023	**2,029.1**	**1.9**	**108.4**	**1.5**	**11.0**	**0.3**	**2,148.5**	**3.7**
Increase due to originations	1,571.7	1.3	-	-	-	-	1,571.7	1.3
Decrease due to repayment or derecognition	(456.2)	(0.2)	(19.4)	(0.1)	(2.0)	(0.1)	(477.6)	(0.4)
Change in credit risk	-	0.1	-	(0.3)	-	0.1	-	(0.1)
Transfers from Stage 1 to Stage 2	(190.9)	(0.6)	190.9	3.0	-	-	-	2.4
Transfers from Stage 2 to Stage 1	155.7	0.5	(155.7)	(2.1)	-	-	-	(1.6)
Transfers to Stage 3	(7.9)	(0.2)	(5.7)	(0.6)	13.6	0.6	-	(0.2)
Transfers from Stage 3	2.8	-	3.0	0.1	(5.8)	(0.2)	-	(0.1)
Post model adjustments	(13.5)	-	13.5	0.1	-	-	-	0.1
At 31 March 2024	**3,090.8**	**2.8**	**135.0**	**1.6**	**16.8**	**0.7**	**3,242.6**	**5.1**
Increase due to originations	1,398.1	0.8	-	-	-	-	1,398.1	0.8
Decrease due to repayment or derecognition	(371.0)	(0.1)	(13.8)	(0.1)	(4.4)	(0.4)	(389.2)	(0.6)
Change in credit risk	-	(0.8)	-	-	-	0.1	-	(0.7)
Transfers from Stage 1 to Stage 2	(248.3)	(0.6)	248.3	3.0	-	-	-	2.4
Transfers from Stage 2 to Stage 1	170.7	0.4	(170.7)	(1.8)	-	-	-	(1.4)
Transfers to Stage 3	(15.7)	(0.1)	(12.7)	(0.7)	28.4	1.1	-	0.3
Transfers from Stage 3	2.8	-	3.0	-	(5.8)	(0.1)	-	(0.1)
Post model adjustments	-	0.1	-	-	-	-	-	0.1
At 31 March 2025	**4,027.4**	**2.5**	**189.1**	**2.0**	**35.0**	**1.4**	**4,251.5**	**5.9**

Increases in the provision are due to loan book growth, and changes in the underlying economic forecasts.

14. Impairment provision movement table (continued)

Analysis of changes in the IFRS 9 provision (continued)

	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision
BBSL	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
At 1 April 2023	**437.1**	**0.9**	**61.6**	**0.8**	**13.2**	**1.0**	**511.9**	**2.7**
Increase due to originations	204.2	0.4	-	-	-	-	204.2	0.4
Decrease due to repayment or derecognition	(82.2)	(0.1)	(20.3)	(0.2)	(5.7)	(0.7)	(108.2)	(1.0)
Change in credit risk	-	-	-	(0.3)	-	0.1	-	(0.2)
Transfers from Stage 1 to Stage 2	(80.8)	(0.3)	80.8	1.4	-	-	-	1.1
Transfers from Stage 2 to Stage 1	40.2	0.2	(40.2)	(0.9)	-	-	-	(0.7)
Transfers to Stage 3	(6.0)	-	(4.6)	(0.1)	10.6	0.8	-	0.7
Transfers from Stage 3	5.3	-	5.6	0.1	(10.9)	(0.7)	-	(0.6)
Post model adjustments	(0.8)	0.1	(0.9)	0.1	1.7	0.4	-	0.6
At 31 March 2024	**517.0**	**1.2**	**82.0**	**0.9**	**8.9**	**0.9**	**607.9**	**3.0**
Increase due to originations	364.9	0.8	-	-	-	-	364.9	0.8
Decrease due to repayment or derecognition	(103.6)	(0.1)	(23.4)	(0.2)	(7.1)	(0.5)	(134.1)	(0.8)
Change in credit risk	-	(0.8)	-	(0.3)	-	(0.3)	-	(1.4)
Transfers from Stage 1 to Stage 2	(85.8)	(0.3)	85.8	1.7	-	-	-	1.4
Transfers from Stage 2 to Stage 1	86.7	0.2	(86.7)	(1.2)	-	-	-	(1.0)
Transfers to Stage 3	(0.4)	-	(6.4)	(0.2)	6.8	0.8	-	0.6
Transfers from Stage 3	0.2	-	0.8	-	(1.0)	(0.1)	-	(0.1)
Post model adjustments	-	0.3	-	-	-	0.5	-	0.8
At 31 March 2025	**779.0**	**1.3**	**52.1**	**0.7**	**7.6**	**1.3**	**838.7**	**3.3**

14. Impairment provision movement table (continued)

Analysis of changes in the IFRS 9 provision (continued)

	Stage 1		Stage 2		Stage 3		Total	
	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision	Gross carrying amount	ECL Provision
BBUL	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
At 1 April 2023	**353.5**	**3.2**	**25.5**	**4.1**	**10.4**	**2.7**	**389.4**	**10.0**
Increase due to originations	58.1	2.7	-	-	-	-	58.1	2.7
Decrease due to repayment or derecognition*	(111.8)	-	(1.1)	(1.7)	(27.3)	(6.2)	(140.2)	(7.9)
Change in credit risk	-	(1.5)	-	1.1	-	0.3	-	(0.1)
Transfers from Stage 1 to Stage 2	(36.4)	(0.5)	36.4	7.8	-	-	-	7.3
Transfers from Stage 2 to Stage 1	16.1	0.5	(16.1)	(1.9)	-	-	-	(1.4)
Transfers to Stage 3	(1.8)	(0.1)	(25.8)	(6.7)	27.6	8.2	-	1.4
Transfers from Stage 3	-	-	0.2	-	(0.2)	(0.1)	-	(0.1)
Post model adjustments	(3.8)	-	3.8	-	-	-	-	-
At 31 March 2024	**273.9**	**4.3**	**22.9**	**2.7**	**10.5**	**4.9**	**307.3**	**11.9**
Increase due to originations	93.8	3.9	-	-	-	-	93.8	3.9
Decrease due to repayment or derecognition*	(111.9)	(0.2)	(8.5)	(0.1)	(24.1)	(8.2)	(144.5)	(8.5)
Change in credit risk	-	(5.6)	-	(0.6)	-	0.2	-	(6.0)
Transfers from Stage 1 to Stage 2	(79.4)	(1.1)	79.4	8.6	-	-	-	7.5
Transfers from Stage 2 to Stage 1	25.6	0.8	(25.6)	(2.9)	-	-	-	(2.1)
Transfers to Stage 3	(4.0)	-	(17.5)	(5.1)	21.5	6.9	-	1.8
Transfers from Stage 3	-	-	0.3	-	(0.3)	(0.1)	-	(0.1)
Post model adjustments	-	0.1	-	0.3	-	0.4	-	0.8
At 31 March 2025	**198.0**	**2.2**	**51.0**	**2.9**	**7.6**	**4.1**	**256.6**	**9.2**

*Decrease due to repayment or derecognition of £140.2m (FY24: £144.5m), includes loans written off of £8.6m (FY24: £6.6m), which were fully provided for.

Atom bank

LIQUIDITY AND FUNDING RISK

Atom's balance sheet is primarily funded by retail customer deposits, supplemented with wholesale funding.

The Treasury team manages the funding mix and liquid asset buffer to ensure the demands of customers, creditors and regulators are always met.

Jump to:

15. Managing liquidity and funding risk

One of the principal risks faced by Atom is liquidity risk. This is the risk that the Bank fails to have liquid resources in quantity and quality to meet its obligations as they fall due.

Funding risk is the risk that Atom fails to maintain a stable and diverse funding profile, to support its assets and future growth at an acceptable cost in normal and stressed market conditions. Funding risks typically stem from concentration of funding sources or from an overreliance upon any particular type or source of funding.

Management

Liquidity and funding risk is managed and monitored by the Treasury department with day-to-day oversight by the Financial Risk team.

Executive level oversight and governance are provided by ALCO which reviews performance and forecasts monthly. The Board sets risk appetite and its Risk Committee reviews and approves the liquidity and funding risk policy on recommendation from the ERC.

A comprehensive assessment of liquidity and funding is performed at least annually, documented through the ILAAP document, which is reviewed and approved by the Board through its Risk Committee.

Key Liquidity and Funding Risk Mitigations

Atom primarily mitigates liquidity risk by holding adequate balances at central banks and stocks of High-Quality Liquid Assets (HQLA) which could be deployed to meet any expected or unexpected outflow. Atom also holds other liquid assets, which could be monetised through outright sale, repurchase agreements (repos) or used with the Bank of England's Sterling Monetary Framework (SMF) facilities. In addition, Atom maintains eligible collateral at the Bank of England to provide additional sources of liquidity in times of stress.

The Bank maintains a list of potential management actions to mitigate any potential or actual stress event. These management actions are documented in the Recovery Plan.

15. Managing liquidity and funding risk (continued)

Measurement

Liquidity and funding risk is measured through stress tests and balance sheet ratios.

Atom uses a stressed forward looking cash flow profile (both inflows and outflows) to determine the minimum level of liquidity resources necessary to cope with expected and unexpected liquidity challenges. In addition to assessing compliance with all regulatory liquidity requirements, Atom also measures the adequacy of liquidity resources against net outflows in a range of internally designed stress scenarios.

The scenarios express the Bank's liquidity risk appetite. They range in their nature, severity and minimum survival horizons.

- Liquidity Coverage Ratio (LCR) is a 30-day regulatory stress metric assessing a bank's HQLAs against its net stressed outflows. Regulation defines in detail the definitions of the numerator and denominator of the ratio, as well as the weighting applied to each component of the calculation.
- a 90-day "persistent" stress is designed to test the resources available to fund the lending pipeline during a period of stress in retail deposit markets.
- a 60-day "market-wide" stress which considers closure of wholesale markets and the impact thereof on increased competition for retail funding.
- a 45-day "acute" stress that considers a deposit outflow stress with greater severity and time horizon than the LCR.
- a 7-day extreme "bank run" stress assessing the adequacy of the most readily available liquidity resources to meet deposit withdrawals.

The results of all stress tests are expressed both as ratios and as surplus metrics.

Funding risk is measured through a variety of metrics:

- the Net Stable Funding Ratio (NSFR)
- the Asset Encumbrance ratio
- the Loan to Deposit ratio

Monitoring

All liquidity and funding metrics are monitored daily to ensure robust control of Atom's position. In addition, all key measures are forecast over a six-month time horizon at least monthly.

Atom maintains and monitors a set of liquidity and funding early warning indicators to identify signs of potential forthcoming stress events. These indicators are documented in the Recovery Plan and reassessed periodically.

At year end, and throughout the year, Atom held significant surplus liquidity over the minimum requirements and maintained a prudent funding profile. The liquidity coverage ratio was 480%[1] (FY24: 486%) and the Net Stable Funding Ratio was 191%[1] (FY24: 180%) as a result of high levels of cash and other HQLA held at the year end. The Asset Encumbrance ratio was 13.1%[1] (FY24: 19.3%) and the Loan to Deposit ratio was 70% (FY24: 71%).

[1] Regulatory metrics not required by IFRS and as a result, are unaudited.

16. Encumbered assets

Some of the Group's assets are used to support secured funding with the Bank of England and through securitisation issuance. Assets that have been set aside for such purposes are classified as encumbered and cannot be used for other purposes.

Unencumbered assets not pre-positioned with central banks are reported on as follows:

- Where assets are in highly liquid or securities form, immediately available to monetise, e.g. through sale or repo, they are categorised as readily realisable.
- Other realisable assets include all such unencumbered assets that could be turned into eligible form for funding with the central bank or with private counterparties in the short to medium term.

			Unencumbered assets not-pre positioned with central banks			
	Encumbered with counterparties other than central banks	Prepositioned and encumbered assets held with central banks	Readily realisable	Other realisable assets	Cannot be used	Total
As at 31 March 2025	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
Cash and balances at central banks	-	32.2	1,913.1	-	-	1,945.3
Debt instruments at fair value through other comprehensive income	-	1,220.9	163.6	-	-	1,384.5
Debt Securities held at amortised cost	-	90.3	112.2	-	-	202.5
Derivatives held for hedging purposes	-	-	-	-	55.8	55.8
Loans and advances to customers	584.3	1,044.4	138.5	3,477.7	56.6	5,301.5
Other assets	63.8	-	-	-	79.3	143.1
Total assets	**648.1**	**2,387.8**	**2,327.4**	**3,477.7**	**191.7**	**9,032.7**

			Unencumbered assets not pre-positioned with central banks			
	Encumbered with counterparties other than central banks	Prepositioned and encumbered assets held with central banks	Readily realisable	Other realisable assets	Cannot be used	Total
As at 31 March 2024	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
Cash and balances at central banks	-	32.2	2,415.0	-	-	2,447.2
Debt instruments at fair value through other comprehensive income	-	407.6	67.1	-	-	474.7
Debt Securities held at amortised cost	-	-	23.0	-	-	23.0
Derivatives held for hedging purposes					62.4	62.4
Loans and advances to customers	346.0	748.6	220.4	2,769.2	16.7	4,100.9
Other assets	85.1	-	-	-	72.4	157.5
Total assets	**431.1**	**1,188.4**	**2,725.5**	**2,769.2**	**151.5**	**7,265.7**

The Group's asset encumbrance of £1,188m (FY24: 1,393m) is predominantly through its participation in the Bank of England's TFSME scheme, ILTR and short term repo schemes, and its securitisation issuance via Elvet Mortgages 2021-1 plc, Elvet Mortgages 2023-1 plc and Elvet Mortgages 2025-1 plc.

Mortgages and liquid securities have been used to provide the required collateral.

17. Customer deposits

Accounting for customer deposits

Customer deposits are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method in accordance with IFRS 9. The amortised cost is adjusted for transaction costs that are incurred in raising the deposit, which is then recognised in interest expense using the effective interest rate method.

	FY25 £'m	FY24 £'m
Sterling denominated fixed term deposits	4,352.8	4,322.0
Sterling denominated instant access deposits	3,185.9	1,424.2
Total	**7,538.7**	**5,746.2**

Atom continues to fund lending predominantly through customer deposits.

Deposits increased 31% to £7.5bn. The growth in deposits is primarily attributable to the introduction of the reward saver product with balances of £2.2bn at year end.

The £4.4bn (FY24: 4.3bn) of Sterling denominated fixed term deposits includes a valuation adjustment liability of £1.7m (FY24: £0.3m liability), which reflects the IFRS 9 micro hedge adjustment described in note 25.

18. Wholesale funding

Accounting for wholesale borrowings

Wholesale borrowings are recognised initially at fair value, net of transaction costs incurred. These instruments are subsequently measured at amortised cost using the effective interest rate method.

	FY25 £'m	FY24 £'m
Borrowings from central banks	358.2	683.8
Debt securities in issue	601.9	365.3
Subordinated liability	50.1	-
Total	**1,010.2**	**1,049.1**

Borrowings from central banks of £358m (FY24: £684m) primarily relate to drawdowns from the Bank of England's TFSME and indexed long-term repo (ILTR) facilities, with the reduction due to scheduled TFSME repayments, offset by an increase in ILTR facilities.

Debt securities in issue of £602m (FY24: £365m) represents notes issued through the Group's RMBS programme, as disclosed in Note 19. The increase is due to the issuance of £310m of notes through the Elvet Mortgages 2025-1 securitisation, net of principal repayments.

The subordinated liability represents a £50m fixed rate callable subordinated Tier 2 issuance, maturing in 2035, with a call option in January 2030. The notes pay interest at a rate of 11.5%, payable semi-annually in arrears. The £50.1m includes a valuation adjustment asset of £0.5m, which reflects the IFRS9 micro hedge adjustment described in note 25, transaction costs of £0.7m and accrued interest expense of £1.3m.

19. Securitisation

The Group securitises certain loans and advances to customers as a means to source funding and for capital management purposes. Securitised advances are legally transferred at their principal value to special purpose entities, which fund the purchase of these assets through the issuance of RMBS to investors.

An assessment is performed to determine whether, for accounting purposes, the Group controls the special purpose entity in accordance with the basis of consolidation accounting policy. In performing this assessment, factors such as the purpose and design of the entity, its practical ability to direct the relevant activities of the entity, the nature of the relationship between the parent and the entity, and the size of its exposure to the variability of returns are considered. Where the parent controls the entity, either through direct or indirect control, the special purpose entity is treated as a subsidiary and is fully consolidated.

Securitisations may, depending on the individual arrangement, result in continued recognition of the securitised assets and the recognition of the debt securities issued in the transaction; or in derecognition of the assets and the separate recognition, as assets or liabilities, of any rights and obligations created or retained by the transfer. Full derecognition only occurs when the Group transfers substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest risk, as well as transferring the contractual right to receive cash flows from the financial assets. If full derecognition occurs, the transferred loans are treated as sales and a gain or loss on derecognition is recognised in the statement of profit and loss.

Certain debt securities issued by structured entities may be retained by the Group and may be used as collateral against amounts drawn under the Bank of England's funding schemes or in repurchase agreements. Where retained debt securities are issued by consolidated special purpose entities, they are eliminated in full on consolidation. Where retained debt securities are issued by unconsolidated structured entities, they are recognised as debt securities held at amortised cost in the statement of financial position.

Securitisation that does not result in derecognition

In February 2025, £339m of mortgage loans originated by Atom bank plc were assigned at their principal value to Elvet mortgages 2025-1 plc, a bankruptcy-remote structured entity, funded through the issue of RMBS to third party debt investors. Atom bank plc is entitled to any residual income generated after the debt obligations and senior expenses of the program have been met, in the same manner as for the Elvet mortgages 2021-1 plc and Elvet mortgages 2023-1 plc transactions. The securitised debt holders have no recourse to the Bank other than the principal and interest generated from the securitised mortgage loans.

The Bank issued £309.7m of Class A floating rate notes externally to the market as part of this transaction. At the same time £29.3m of class B floating rate notes were issued and fully retained. Both notes have a call date of 24 September 2029.

The Bank has an obligation to repurchase mortgage exposures in certain instances e.g. loans which have been subject to a product switch, further advance or where there has been an unremedied breach of representations and warranties and continues to service the mortgages in return for a servicing fee.

The Elvet 2021-1, Elvet 2023-1 and Elvet 2025-1 transactions do not qualify for derecognition, and the structured entities are treated as a subsidiary of the Group and are fully consolidated. The associated securitised mortgage loans continue to be recognised in the Statement of Financial Position.

The carrying amount of the securitised loans and associated debt securities in issue are follows:

	FY25 £'m	FY24 £'m
Securitised mortgage loans, included in loans and advances to customers	810.0	565.4
Debt securities in issue held by external investors:		
Elvet mortgages 2021-1 plc	53.3	71.1
Elvet mortgages 2023-1 plc	238.6	294.2
Elvet mortgages 2025-1 plc	310.0	-

The Elvet 2021-1 A notes have a coupon rate of SONIA + 0.37% and a call date of 22 October 2026.
The Elvet 2023-1 A notes have a coupon rate of SONIA + 0.65% and a call date of 22 November 2028.
The Elvet 2025-1 A notes have a coupon rate of SONIA + 0.56% and a call date of 24 September 2029.

19. Securitisation (continued)

Securitisation that results in derecognition

The Group transferred certain mortgage loans to unconsolidated structured entities; Elvet Mortgages 2019-1 plc, and Elvet Mortgages 2020-1 plc. These transactions resulted in full derecognition of loans from the statement of financial position because substantially all of the risks and rewards associated with those mortgages have been transferred to the noteholders. For both transactions certain debt securities were retained by the Group, along with a 5% interest in the transaction which entitles the Group to 5% of all available receipts generated by the mortgage loans in the entity in line with the regulatory requirements.

During the year, the pool of mortgages included in the Elvet 2020-1 securitisation repaid such that the balance was less than 10% of that originally securitised, triggering a call in which the debt securities were redeemed at par. Atom bank plc funded the redemption via the repurchase of the underlying loan pool. The Elvet 2019-1 debt securities were redeemed in the prior year.

The carrying amount of the Group's investment in debt securities issued by Elvet 2020-1 plc in the prior year was £4.7m. The carrying amount of the investment in FY24 represented the Group's maximum exposure to loss from its interest in the structured entity.

Atom bank plc continued to service the mortgage loans in return for a servicing fee, and £0 (FY24: £0.4m) of fee income was recognised.

20. Contractual maturity of financial assets and liabilities

The contractual maturities of the Group's financial assets and liabilities provides an important source of information for liquidity risk management. The tables below present the discounted contractual residual maturities of the financial assets and liabilities on the balance sheet:

As at 31 March 2025	On demand £'m	Not more than 3 months £'m	Over 3 months but not more than 6 months £'m	Over 6 months but not more than 1 year £'m	Over 1 year but not more than 3 years £'m	Over 3 years but not more than 5 years £'m	Over 5 years but not more than 10 years £'m	Over 10 years £'m	Total £'m
Assets									
Cash and balances at central banks	1,945.3	-	-	-	-	-	-	-	1,945.3
Debt instruments at FVOCI	-	94.6	469.0	141.5	365.8	215.6	98.0	-	1,384.5
Debt instruments at amortised costs	-	12.3	11.9	20.3	94.3	39.5	22.6	1.6	202.5
Derivatives held for hedging purposes	-	10.0	13.3	13.6	17.6	0.7	0.6	-	55.8
Loans and advances to customers	15.6	77.5	51.8	88.5	741.3	1,294.2	397.1	2,635.5	5,301.5
Total financial assets	**1,960.9**	**194.4**	**546.0**	**263.9**	**1,219.0**	**1,550.0**	**518.3**	**2,637.1**	**8,889.6**
Liabilities									
Customer deposits	(3,244.9)	(1,203.6)	(1,011.4)	(1,100.3)	(761.4)	(217.1)	-	-	(7,538.7)
Borrowings from central banks	-	(19.2)	(225.0)	(114.0)	-	-	-	-	(358.2)
Debt securities in issue	-	(23.5)	(4.2)	(8.4)	(71.1)	(494.7)	-	-	(601.9)
Subordinated liabilities	-	-	(1.3)	-	-	(48.8)	-	-	(50.1)
Derivatives held for hedging purposes	-	-	-	0.4	(0.4)	(0.2)	-	-	(0.2)
Total financial liabilities	**(3,244.9)**	**(1,246.3)**	**(1,241.9)**	**(1,222.3)**	**(832.9)**	**(760.8)**	**-**	**-**	**(8,549.1)**
Off-balance sheet commitments									
Loan commitments given	-	84.6	283.1	-	-	-	-	-	367.7

As at 31 March 2024	On demand £'m	Not more than 3 months £'m	Over 3 months but not more than 6 months £'m	Over 6 months but not more than 1 year £'m	Over 1 year but not more than 3 years £'m	Over 3 years but not more than 5 years £'m	Over 5 years but not more than 10 years £'m	Over 10 years £'m	Total £'m
Assets									
Cash and balances at central banks	2,447.2	-	-	-	-	-	-	-	2,447.2
Debt instruments at FVOCI	-	106.6	74.1	22.2	118.8	139.9	5.5	7.6	474.7
Debt instruments at amortised costs	-	2.1	2.1	4.5	14.3	-	-	-	23.0
Derivatives held for hedging purposes	-	6.7	17.8	15.7	31.5	(8.0)	(1.3)	-	62.4
Loans and advances to customers	14.9	66.2	56.9	112.8	392.9	1,090.3	339.2	2,027.7	4,100.9
Total financial assets	**2,462.1**	**181.6**	**150.9**	**155.2**	**557.5**	**1,222.2**	**343.4**	**2,035.3**	**7,108.2**
Liabilities									
Customer deposits	(1,474.9)	(1,039.9)	(1,203.7)	(1,298.0)	(529.0)	(200.7)	-	-	(5,746.2)
Borrowings from central banks	-	(58.8)	(110.0)	(176.0)	(339.0)	-	-	-	(683.8)
Debt securities in issue	-	(22.1)	(2.5)	(4.9)	(74.1)	(261.7)	-	-	(365.3)
Derivatives held for hedging purposes	-	-	-	1.4	(0.7)	(1.8)	-	-	(1.1)
Total financial liabilities	**(1,474.9)**	**(1,120.8)**	**(1,316.2)**	**(1,477.5)**	**(942.8)**	**(464.2)**	**-**	**-**	**(6,796.4)**
Off-balance sheet commitments									
Loan commitments given	-	76.5	470.8	-	-	-	-	-	547.3

21. Contractual maturity of non-derivative financial liabilities on an undiscounted basis

The tables analyse non-derivative financial liabilities by relevant contractual maturity grouping on an undiscounted future cash flow basis based on the remaining period at the balance sheet date.

The balances in the below table do not agree directly to the balances in the consolidated balance sheet as the table incorporates all cash flows, on an undiscounted basis, related to both principal and future coupon payments.

For loan commitments given the amounts disclosed are the undiscounted cash flows based on the time period for which the offer is valid.

As at 31 March 2025	On demand £'m	Not more than 3 months £'m	Over 3 months but not more than 6 months £'m	Over 6 months but not more than 1 year £'m	Over 1 year but not more than 3 years £'m	Over 3 years but not more than 5 years £'m	Over 5 years but not more than 10 years £'m	Total £'m
Customer deposits	3,246.5	1,228.3	1,037.9	1,153.2	813.9	227.9	-	7,707.7
Borrowings from central banks	-	3.8	241.4	119.5	-	-	-	364.7
Debt securities in issue	-	30.0	12.7	25.3	133.3	534.2	-	735.5
Subordinated liabilities	-	-	2.9	2.9	11.5	61.5	-	78.8
Total non-derivative financial liabilities	**3,246.5**	**1,262.1**	**1,294.9**	**1,300.9**	**958.7**	**823.6**	**-**	**8,886.7**
Off-balance sheet commitments								
Loan commitments given	-	84.6	283.1	-	-	-	-	367.7

As at 31 March 2024	On demand £'m	Not more than 3 months £'m	Over 3 months but not more than 6 months £'m	Over 6 months but not more than 1 year £'m	Over 1 year but not more than 3 years £'m	Over 3 years but not more than 5 years £'m	Over 5 years but not more than 10 years £'m	Total £'m
Customer deposits	1,474.9	1,068.4	1,241.4	1,354.6	566.9	213.5	-	5,919.7
Borrowings from central banks	-	57.8	116.8	187.9	346.9	-	-	709.4
Debt securities in issue	-	28.9	9.1	18.1	123.3	298.3	-	477.7
Total non-derivative financial liabilities	**1,474.9**	**1,155.1**	**1,367.3**	**1,560.6**	**1,037.1**	**511.8**	**-**	**7,106.8**
Off-balance sheet commitments								
Loan commitments given	-	76.5	470.8	-	-	-	-	547.3

Atom bank

WHOLESALE CREDIT RISK

Jump to:

Wholesale credit risk is the risk that a wholesale counterparty of the Group defaults on its contractual obligations to Atom or fails to perform its obligations in a timely manner.

22. Wholesale credit risk management

Wholesale credit risk arises from the portfolio of HQLA and other financial instruments, which the Treasury department manages. It represents the risk that counterparties and issuers fail to meet their obligations when they become due. Atom has a very limited appetite for this form of risk and consequently exposures are restricted to very high-quality issuers and counterparties with a low risk of failure.

Treasury exposures and limits are focused on UK government debt and the Bank of England, supranational institutions and UK banks and building societies, highly rated mortgage or asset-backed investment securities, with additional limits extended to a small number of highly rated financial institutions in Europe and other G10 economies. Atom also has exposure to a central clearing counterparty to allow it to comply with its obligations to centrally clear all of its new eligible derivative transactions.

The wholesale credit limit framework is set out in the Board approved policy.

23. Assets held for liquidity management

Accounting for debt instruments

Classification and measurement
Debt instruments that are held to manage liquidity risk are classified and measured at fair value through other comprehensive income (FVOCI) as:

- The objective of holding these assets is to maximise interest return, whilst having a sufficient mix of high-quality assets to convert into cash in a time of stress.
- The assets are vanilla debt instruments with return based upon the cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets included within the FVOCI category are initially recognised and subsequently measured at fair value. Movements in the carrying amount are recorded through OCI, except for the recognition of impairment gains or losses, and interest revenue which are recognised in profit and loss. Where the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

Certain assets are held at amortised cost, when:

- The objective of Treasury in holding these assets is to collect contractual cash flows, which are solely payments of principal and interest.
- The assets are held to create natural hedges to the Bank's interest rate exposure, whilst maintaining encumbrance and liquidity targets, the assets will not be sold to manage short term liquidity.

Financial assets held at amortised cost are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Cash and balances at central banks are carried at amortised cost.

Impairment

Financial assets held at FVOCI or amortised cost are within the scope of the IFRS 9 impairment policy described within note 9. IFRS 9 permits an exemption that it may be assumed that an instrument's credit risk has not increased significantly since initial recognition if it is determined to have a low credit risk at the reporting date. Such low-risk instruments are categorised as stage 1, with the provision based upon a 12 month probability of default. The Group has applied this exemption to all of the below instruments as they meet the definition of investment grade per the internal credit risk policy, which is evidence that the instrument is of low risk.

	FY25 £'m	FY24 £'m
Cash and balances at central banks	1,945.3	2,447.2
UK Gilts & T Bills	982.6	174.6
Covered Bonds	351.6	290.1
Residential Mortgage Backed Securities	50.3	7.8
Multilateral Development Bank and Government Sponsored Debt	-	2.2
Total debt instruments at FVOCI	**1,384.5**	**474.7**
Total debt instruments at amortised cost	**202.5**	**23.0**
Financial assets held for liquidity management	**3,532.3**	**2,944.9**

The £1.4bn (FY24: £475m) of debt instruments held at FVOCI represents high quality liquid assets held to meet ongoing regulatory requirements.

The £203m (FY24: £23m) portfolio of debt instruments at amortised cost includes notes held for the purpose of receiving payments of principal and interest to maturity of the notes. The balance has increased as a result of surplus liquidity invested in financial assets.

A 12-month ECL credit impairment provision of £401k (FY24: £164k) is held against these assets, all of which are AAA or AA rated by major rating agencies. Of this, £32k (FY24: £6k) is held against the amortised cost assets and £369k (FY24: £158k) against the fair value through other comprehensive income assets.

Atom bank

MARKET RISK

The Group offers fixed and variable rate loans to borrowers and funds those with a mix of fixed rate term deposits, instant access deposits and variable rate wholesale funding.

As a result, Atom is exposed to market risk. Atom's Treasury team manages market risk exposures within the limited risk appetite set by the Board.

Jump to:

24. Market risk management

Market risk is the risk that unfavourable market movements lead to a reduction in earnings or the Bank's economic value.

Atom does not have a trading book. All derivative and foreign exchange contracts are conducted with the intent of economic hedging.

The main source of market risk is exposure to changes in interest rates in the banking book. Atom also manages exposures to foreign exchange risk.

Management

Market risk is managed and monitored by the Treasury department with day-to-day oversight by the Financial Risk team.

Executive level oversight and governance are provided by the ALCO, which reviews metrics and key risk indicators monthly. The ALCO also reviews and approves key models and assumptions used in the measurement of interest rate risk. The Committee considers proposals on the ongoing management of market risk to keep net exposures within risk appetite limits.

A comprehensive assessment of the Bank's exposures to market risk is conducted at least annually, documented through the ICAAP, which is reviewed and approved by the Board through its Risk Committee.

Key interest rate and market risk mitigations

The acceptable exposure to changes in interest rates and foreign exchange rates is limited by Board defined risk appetite.

Fixed rate cashflows, whether assets or deposits, are predominantly hedged to Sterling Over Night Index Average (SONIA) by means of interest rate swaps. SONIA is an overnight interest rate that correlates highly with the Bank of England's Base Rate during normal market conditions. Limits for exposures to interest rate risk other than those based on SONIA or the Bank of England's Base Rate are minimal.

Wherever possible, Atom uses existing balance sheet items to net offsetting gross interest rate exposures (e.g. the interest rate risk on an asset is matched against a liability of a similar tenor). Net exposures are hedged with external swap counterparties, where appropriate.

Current year exposure to foreign exchange rates was immaterial.

Strategic Report

Directors' Report

Financial Statements

24. Market risk management (continued)

Measurement

Atom uses two primary methods to quantify interest rate risk exposure, Economic Value (EV) and Net Interest Income (NII). EV sensitivity measures the change in net present value of the Group's asset, liability and derivative positions in response to an interest rate shock. NII sensitivity measures the change in net interest income over a 12-month time horizon following a change in interest rates. Interest rate risk exposure is stress tested in a variety of interest rate scenarios, using both parallel and non-parallel yield curve shifts.

Basis risk positions are measured as the net of assets, liability, and derivative exposure to each interest rate basis, such as SONIA.

EV and NII sensitivity

Sensitivity analysis of EV and NII is performed on the balance sheet using the core scenarios of immediate upward and downward parallel shifts in all relevant interest rates. The interest rate shock applied to EV is an increase or decrease of 200 bps. The sensitivity measurement for NII considers the impact of an increase or decrease of 100 bps.

	FY25 £'m	FY24 £'m
EV: impact of increase in rates	0.4	(0.1)
EV: impact of decrease in rates	(0.5)	-
NII: impact of increase in rates	0.6	0.2
NII: impact of decrease in rates	(0.6)	(0.2)

25. Derivatives held for hedging purposes

Accounting for derivatives and hedging

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. During the period Atom has entered into derivatives to manage exposure to interest rate and foreign currency risk.

All derivative financial instruments are recognised at their fair value and are subsequently measured at fair value throughout the life of the contract. Fair values are calculated using valuation techniques, including discounted cash flow models, with inputs obtained from market rates.

Derivatives are carried on the balance sheet as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of any derivative instrument are recognised immediately in the statement of comprehensive income.

Notional amounts of the contracts are not recorded on the balance sheet but have been disclosed as part of this note.

Hedge accounting

The Group elects to apply hedge accounting for the majority of its risk management activity that uses derivatives to achieve greater alignment in the timing of recognition gains and losses on hedged items and hedging instruments, and to reduce statement of comprehensive income volatility.

IFRS 9 hedge accounting applies to all hedge relationships with the exception of fair value hedges of the interest rate exposure of a portfolio of financial assets or financial liabilities (commonly referred as 'fair value macro hedges'). Atom makes the accounting policy choice to continue to apply the hedge accounting requirements of IAS 39. This choice applies to all fair value macro hedge accounting and cannot be made on a hedge by hedge basis.

The method of recognising the fair value gain or loss on a derivative depends on whether it is designated as a hedging instrument, and the nature of the item being hedged. Certain derivatives are designated as a hedge of the fair value of recognised assets or liabilities, a fair value hedge, with others designated as a hedge of highly probable future cash flows attributable to a recognised asset or liability, or highly probable forecast transaction, a cash flow hedge.

Fair value hedge

Micro hedge accounting relationships were designated for derivatives used to hedge the interest risk on the fixed rate customer deposit, interest risk on fixed rate securities (debt instruments at fair value through other comprehensive income) and tier 2 subordinated liability and macro relationships for fixed rate loan products. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedge

Where derivatives are used to hedge a portion of its floating rate financial liabilities, a cash flow hedge can be used, this is aligned with the Bank's strategy to minimise volatility through the profit and loss arising from derivatives.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised within a fair value hedge reserve, a separate component of equity. Any remaining gain or loss on the hedging instrument is recognised in the statement of comprehensive income. The carrying value of the hedged item is not adjusted. Amounts accumulated in equity are transferred to the statement of comprehensive income in the period in which the hedged item affects profit or loss.

The effectiveness of the hedging relationship is tested both at inception and throughout its life and if at any point it is concluded that the relationship is no longer highly effective in achieving its documented objective, hedge accounting is discontinued.

Derivatives held for trading

Any derivatives that do not meet the hedging criteria, or for which hedge accounting is not applied, are classified as held for trading. Changes in value are immediately recognised in the statement of comprehensive income.

25. Derivatives held for hedging purposes (continued)

Accounting for derivatives and hedging (continued)

The following table sets out the derivative instruments held:

	FY25			FY24		
	Notional contract amount	Asset carrying value	Liability carrying value	Notional contract amount	Asset carrying value	Liability carrying value
Settled on a net basis	£'m	£'m	£'m	£'m	£'m	£'m
Fair value hedges						
Interest rate swaps	7,014.2	50.9	(0.2)	5,501.2	55.8	(1.1)
Cash flow hedges						
Interest rate swaps	125.0	4.9	-	125.0	6.6	-
Total derivatives designated as hedging instruments	**7,139.2**	**55.8**	**(0.2)**	**5,626.2**	**62.4**	**(1.1)**
Derivatives in economic and not accounting hedges						
FX forward	6.9	-	-	1.2	-	-
Total derivatives held for hedging purposes	**7,146.1**	**55.8**	**(0.2)**	**5,627.4**	**62.4**	**(1.1)**

Fair value hedges

The Group holds portfolios of fixed term deposits, loans, debt instruments at fair value through other comprehensive income and a Tier 2 subordinated liability and is exposed to changes in fair value due to movements in market interest rates. The risk exposure is managed by entering into floating/fixed interest rate swaps.

The interest rate risk is determined as the change in fair value of the hedged item, arising from changes in market interest rates. Such changes are usually the largest component of the overall change in fair value. This strategy is designated as a fair value hedge and its effectiveness is assessed by comparing changes in the fair value of the hedged item attributable to changes in the benchmark rate of interest with changes in the fair value of the interest rate swaps.

The effect of credit risk is expected to be minimal on the hedged item and the hedging instrument and is not expected to dominate the hedge relationship. The derivative counterparties are either a qualifying clearing house or of investment grade and hence deemed to have adequate credit quality. Credit risk will continue to be assessed throughout the life of the hedge relationship to prove that credit risk does not dominate.

From a fair value perspective, fixed rate cash flows are sensitive to changes in the underlying variable benchmark interest rate. As the hedge relationship is set up with the fixed leg of the hedging instrument being equal and opposite in terms of notional and interest rate, it follows that the fair value changes on the hedged item and the hedging instrument will generally offset each other with changes in the floating benchmark over the life of the hedge relationship.

Cash flow hedges

The Group applies micro cash flow hedge accounting to a portion of its floating rate financial liabilities. These liabilities are designated in the hedge relationship alongside interest rate swaps that have been transacted to economically hedge fixed rate loans and advances to customers. The hedged cash flows are a group of highly probable forecast transactions that are exposed to changes in value due to movements in market interest rates.

The hedged item is designated as the gross liability position allocated to time buckets based on projected repricing and interest profiles. The Group aims to maintain a position where the principal amount of the hedged items is greater than or equal to the notional amount of the corresponding interest rate swaps used as the hedging instruments.

Hedge ineffectiveness

Ineffectiveness is expected due to (i) the mismatch in the maturities of the hedged item and hedging instrument, (ii) differences in timing of cash flows of hedged items and hedging instruments, (iii) any margin included in the floating rate leg, in particular for fair value hedges of debt instruments held at FVOCI and (iv) differences between forecast and actual prepayment rate, in particular for portfolio fair value hedges of the group's fixed rate loans.

These sources of ineffectiveness are expected to be immaterial in value and have no material impact on the underlying economic relationship.

All derivatives are presented within derivatives held for hedging purposes. Changes in fair value of fair value hedging instruments are recognised in the statement of comprehensive income in other income. Changes in the fair value of cash flow hedging instruments are recognised in other comprehensive income.

25. Derivatives held for hedging purposes (continued)

Accounting for derivatives and hedging (continued)

The amounts relating to items designated as hedged items were as follows:

For Cash flow hedge relationships, the change in fair value of the hedged item for ineffectiveness measurement is £(1.3)m (FY24: £(0.4)m which is accumulated within the cash flow hedge reserve, in equity.

	Nominal amount of the hedging instrument £'m	Carrying Amount (asset/(liability)) £'m	Changes in fair value used for calculating hedge ineffectiveness (income/(charge)) £'m
As at 31 March 2025			
Fair value hedges			
Derivatives held to hedge fixed rate deposits	2,734.0	(0.1)	1.3
Derivatives held to hedge fixed rate loans and advances to customers	3,935.2	49.5	(7.2)
Derivatives held for to hedge fixed rate securities	325.0	1.7	(0.6)
Derivatives held for to hedge fixed rate liabilities	20.0	(0.4)	(0.3)
Cash flow hedges			
Derivatives held to hedge floating rate liabilities	125.0	4.9	(1.3)
As at 31 March 2024			
Fair value hedges			
Derivatives held to hedge fixed rate deposits	2,864.0	0.6	9.7
Derivatives held to hedge fixed rate loans and advances to customers	2,637.2	54.4	(26.8)
Cash flow hedges			
Derivatives held to hedge floating rate liabilities	125.0	6.6	(0.4)

	Nominal amount of the hedging item £'m	Accumulated amount of fair value adjustments on the hedged item (asset/(liability)) £'m	Line item in the statements of financial position where the hedging item is included £'m	Changes in fair value used for calculating hedge ineffectiveness (income/(charge)) £'m
As at 31 March 2025				
Fair value hedges				
Fixed rate deposits	2,734.0	(1.7)	Customer deposits	(1.2)
Fixed rate loans and advances to customers	3,935.2	(19.8)	Loans and advances to customers	6.7
Fixed rate securities	325.0	0.4	Debt instruments at fair value through other comprehensive income	0.4
Fixed rate liabilities	20.0	0.5	Subordinated liability	0.5
As at 31 March 2024				
Fair value hedges				
Fixed rate deposits	2,864.0	(0.3)	Customer deposits	(9.7)
Fixed rate loans and advances to customers	2,637.2	(33.9)	Loans and advances to customers	26.9

25. Derivatives held for hedging purposes (continued)

Accounting for derivatives and hedging (continued)

The following tables set out the maturity profile of the hedging instrument:

As at 31 March 2025	Not more than 3 months £'m	Over 3 months but not more than 6 months £'m	Over 6 months but not more than 1 year £'m	Over 1 year but not more than 3 years £'m	Over 3 years but no more than 5 years £'m	Over 5 years but not more than 10 years £'m	Total £'m
Nominal value of derivatives held for hedging purposes							
Derivatives held to hedge fixed rate deposits	1,053.0	636.0	833.0	212.0	-	-	2,734.0
Derivatives held to hedge fixed rate loans and advances to customers	99.0	358.7	278.5	1,514.0	1,630.0	55.0	3,935.2
Derivatives held to hedge floating rate liabilities	-	-	-	125.0	-	-	125.0
Derivatives held for to hedge fixed rate securitiesliabilities	-	-	-	-	20.0	-	20.0
Derivatives held for to hedge fixed rate liabilitiessecurities	-	-	15.0	140.0	75.0	95.0	325.0
Total	**1,152.0**	**994.7**	**1,126.5**	**1,991.0**	**1,725.0**	**150.0**	**7,139.2**

The following tables display derivative cash flows in the relevant maturity groupings in which they fall due. Cash flows for the floating legs of derivative transactions are calculated using the forward interest rate curve. These cash flows are not discounted in the same way as derivative valuations therefore differ to those reported in the balance sheet.

As at 31 March 2024	Not more than 3 months £'m	Over 3 months but not more than 6 months £'m	Over 6 months but not more than 1 year £'m	Over 1 year but not more than 3 years £'m	Over 3 years but no more than 5 years £'m	Over 5 years but not more than 10 years £'m	Total £'m
Nominal value of derivatives held for hedging purposes							
Derivatives held to hedge fixed rate deposits	804.0	945.0	1,077.0	38.0	-	-	2,864.0
Derivatives held to hedge fixed rate loans and advances to customers	-	-	-	1,016.2	1,305.0	316.0	2,637.2
Derivatives held to hedge floating rate liabilities	-	-	-	-	125.0	-	125.0
Total	**804.0**	**945.0**	**1,077.0**	**1,054.2**	**1,430.0**	**316.0**	**5,626.2**

The derivative counterparties are of investment grade and hence deemed to have adequate credit quality. Credit risk will continue to be assessed throughout the life of the hedge relationship to prove that credit risk does not dominate.

Settled on a net basis	Not more than 3 months £'m	Over 3 months but not more than 6 months £'m	Over 6 months but not more than 1 year £'m	Over 1 year but not more than 3 years £'m	Over 3 years but no more than 5 years £'m	Over 5 years but not more than 10 years £'m	Total £'m
As at 31 March 2025							
Assets	10.0	13.5	14.0	18.8	0.8	0.8	57.9
Liabilities	-	-	0.4	(0.4)	(0.2)	-	(0.2)
As at 31 March 2024							
Assets	6.8	18.2	16.3	33.8	(9.5)	(1.5)	64.1
Liabilities	-	-	1.4	(0.7)	(2.1)	-	(1.4)

25. Derivatives held for hedging purposes (continued)

Offsetting

In accordance with IAS 32 Financial Instruments: Presentation, the Group reports financial assets and financial liabilities on a net basis on the balance sheet only if there is a legally enforceable right to set-off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The netting applied covers agreements with the same counterparties whereby all outstanding transactions can be offset, and close-out netting applied if an event of default or other predetermined events occur. The following table shows the impact of netting arrangements on derivative financial instruments reported net on the balance sheet:

	Gross Amounts £'m	Amounts offset £'m	Net amounts reported on the balance sheet £'m	Related amounts not offset: Cash collateral placed/received £'m	Net amount £'m
As at 31 March 2025					
Derivative Financial Assets	68.8	(13.0)	55.8	9.7	65.5
Derivative Financial Liabilities	(13.2)	13.0	(0.2)	(0.7)	(0.9)
As at 31 March 2024					
Derivative Financial Assets	81.0	(18.6)	62.4	17.4	79.8
Derivative Financial Liabilities	(19.7)	18.6	(1.1)	0.9	(0.2)

Cash collateral is maintained for derivatives held.

The cash collateral balance is restricted and cannot be used for any other purposes.

26. Accounting for financial assets and liabilities - fair values

Accounting for fair values

All financial instruments are initially recognised at fair value on the date of initial recognition and, depending on the classification of the asset or liability, may continue to be held at fair value either through profit or loss or other comprehensive income. The fair value of a financial instrument is the price that is estimated that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Wherever possible, fair value is determined by reference to a quoted market price for that instrument.

For some of the instruments held by the Group, in particular derivatives, quoted prices are not available and valuation models are used to estimate fair value. The models calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value.

IFRS 13 Fair Value Measurement requires the classification of assets and liabilities according to a hierarchy that reflects the observability of significant market inputs. The three levels of the fair value hierarchy are defined below.

- Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 valuations are those where quoted market prices are not available, or valuation techniques are used to determine fair value and the inputs are based significantly on observable market data.
- Level 3 portfolios are those where at least one input which could have a significant effect on the instrument's valuation is not based on observable market data.

As at 31 March 2025	Level 1 £'m	Level 2 £'m	Level 3 £'m	Total £'m
Assets				
Debt instruments at FVOCI				
UK Gilts	982.6	-	-	982.6
Covered Bonds	351.6	-	-	351.6
Residential Mortgage-Backed Securities	50.3	-	-	50.3
Derivatives held for hedging purposes				
Interest rate	-	55.8	-	55.8
Total	**1,384.5**	**55.8**	**-**	**1,440.3**
Liabilities				
Derivatives held for hedging purposes				
Interest rate	-	(0.2)	-	(0.2)
Total	**-**	**(0.2)**	**-**	**(0.2)**

As at 31 March 2024	Level 1 £'m	Level 2 £'m	Level 3 £'m	Total £'m
Assets				
Debt instruments at FVOCI				
UK Gilts	174.6	-	-	174.6
Covered Bonds	290.1	-	-	290.1
Multilateral Development Bank and Government Sponsored Debt	2.2	-	-	2.2
Residential Mortgage-Backed Securities	7.8	-	-	7.8
Derivatives held for hedging purposes				
Interest rate	-	62.4	-	62.4
Total	**474.7**	**62.4**	**-**	**537.1**
Liabilities				
Derivatives held for hedging purposes				
Interest rate	-	(1.1)	-	(1.1)
Total	**-**	**(1.1)**	**-**	**(1.1)**

UK Gilts, covered bonds and government sponsored debt are valued using quoted market prices and are therefore classified as Level 1 assets.

Derivative financial assets and liabilities are interest rate swaps and are valued using a discounted cash flow model where the most significant input is interest yield curves which are developed from publicly quoted rates.

Strategic Report
Directors' Report
Financial Statements

27. Fair value of financial assets and liabilities recognised on the balance sheet at amortised cost

As at 31 March 2025	Carrying value £'m	Level 3 Fair Value £'m
Assets		
Loans and advances to customers		
Mortgages	4,219.8	4,235.0
BBSL	834.3	809.3
BBUL	247.4	243.3
Debt Instruments held at amortised cost	202.5	202.6
Liabilities		
Customer deposits		
Instant access saver deposits	3,185.9	3,185.9
Fixed rate saver deposits	4,352.8	4,360.3
Borrowings from central banks	358.2	358.2
Debt securities in issue	601.9	606.4
Subordinated liability	50.1	52.1

As at 31 March 2024	Carrying value £'m	Level 3 Fair Value £'m
Assets		
Loans and advances to customers		
Mortgages	3,200.4	3,167.9
BBSL	604.9	573.4
BBUL	295.6	276.3
Debt Instruments held at amortised cost	23.0	23.3
Liabilities		
Customer deposits		
Instant access saver deposits	1,424.2	1,424.2
Fixed rate saver deposits	4,322.0	4,322.6
Borrowings from central banks	683.8	683.8
Debt securities in issue	365.3	367.8

The fair value of loans and advances to customers, customer deposits, and subordinated liability, for the purpose of this disclosure, is derived from discounting expected cash flows in a way that reflects the current market price for lending to issuers of similar credit quality.

The fair values of debt instruments at amortised and debt securities in issue are based on quoted prices where available, as well as the fair value of the underlying asset portfolio.

The mortgage and fixed rate customer deposits are reported net of fair value hedge accounting adjustments, therefore there is no significant difference between the carrying value and fair value. The BBSL portfolio is predominantly linked to bank rate plus a margin, however the fair value has decreased, as current market prices reflect a higher margin. The BBUL fair value is lower than carrying value because the interest rate environment is higher than the weighted average rate of the loans.

The carrying amount of cash and balances at central banks is a reasonable approximation of fair value therefore not included in the table above. Borrowings from central banks are issued at base rate and therefore the fair value is equal to the carrying value.

The fair value of subordinated liability is higher than the carrying value due to a decrease in rates since its issuance.

Atom bank

CAPITAL

As a regulated bank Atom is required to hold a minimal level of capital to protect its customers.

This section provides information on the Group's share capital, retained earnings and other equity balances. It also provides a description of how the Group ensures sufficient capital is maintained to meet regulatory requirements.

Jump to:

28. Managing capital adequacy risk

Capital adequacy risk is the risk that the Group could have insufficient quantity or quality of capital to deliver its base case business strategy or withstand a severe but plausible stress.

The Group's capital position and capital ratios could be eroded by high levels of unexpected losses, a large operational loss, higher lending volumes or total risk weighted assets (RWAs) than planned, or other factors that might reduce forecast profitability.

Capital is actively managed with regulatory ratios being a key factor in Atom's planning processes and stress analysis.

The principal committee at which the Group's current and forecast capital position is scrutinised and managed is the ALCO. Both the Exco and the ERC review high level capital metrics, together with more focus on risks to the projected position over the short to medium term horizon.

The Board and the BRC also receive high level metrics, projections, and commentary on current and forecast capital adequacy.

Key capital risk mitigations

Capital is one of the Group's key measures. The Board sets risk appetite for a variety of key capital metrics. To avoid breaching a regulatory capital measure, an additional Board capital buffer is applied to the regulatory requirement. This buffer is designed to, and may, be utilised in a controlled manner when required at the discretion of the Board. The Group also sets itself a Management Early Warning Indicator (EWI) as a threshold to prompt discussion and take mitigating action if needed.

Atom's capital comprises of Common Equity Tier 1 (CET1) and Tier 2 qualifying subordinated debt. In October 2024 £50m Fixed Rate Reset Callable Subordinated notes were issued.

Atom refreshes its ICAAP annually, which includes a five-year forecast of the Group's capital position under baseline and stressed conditions. The ICAAP document analyses and informs the future capital strategy and is reviewed and approved by the Board. The PRA reviews the ICAAP periodically and it is available upon request. Furthermore, it assesses the Group's Pillar 1 requirements and proposes additional Pillar 2A capital to be held for those risks not captured or not fully captured by Pillar 1 capital. The Group also holds Pillar 2B capital based on the PRA's guidance, inclusive of the regulatory defined capital conservation buffer and countercyclical buffer.

Key capital adequacy risk metrics

Atom's key capital metrics are the current and projected ratio capital resources over capital requirements. The Leverage Ratio is also monitored against the 3.25% regulatory expectations specified within the UK Leverage Framework, to ensure that it remains above throughout the planning horizon.

Capital metrics are produced monthly to assess the current position and projected capital up to 12 months forward. Capital projections are produced at least monthly which update for actual business performance, along with any changes in the market environment and expected business performance changes. Replanning is undertaken if there is a significant variance to original plan. The Group maintains a Recovery Plan, which lists potential steps to increase available capital resources or to reduce RWAs (thereby reducing the need for capital resources). The viability of these steps is assessed periodically to inform management and the Board of mitigating actions available to address capital adequacy risks.

During FY25, the Group complied in full with all of its regulatory capital requirements. Further information is available within the Pillar 3 document (unaudited), available from https://www.atombank.co.uk/investor-information/.

The following tables provide information on capital and reserves per the IFRS balance sheet with a reconciliation to the regulatory definition of capital.

29. Share capital and premium

Accounting policy for share capital

Shares are classified as equity instruments when there is no contractual obligation to deliver cash or other assets to another entity on terms that may be unfavourable. Ordinary shares and preference shares are classified as equity.

	Number of shares	Ordinary shares (£0.00001 each) £'m	Preference shares (£1 each) £'m	Share premium £'m	Total share capital and share premium £'m
As at 1 April 2024	**939,298,346**	**-**	**-**	**128.9**	**128.9**
Issued during the year	50,000	-	0.1	-	0.1
Issued to staff under share incentive plans	80,058	-	-	-	-
As at 31 March 2025	**939,428,404**	**-**	**0.1**	**128.9**	**129.0**

	Number of shares	Ordinary shares (£0.00001 each) £'m	Share premium £'m	Total share capital and share premium £'m
As at 1 April 2023	**655,872,239**	**-**	**29.3**	**29.3**
Issued during the year	251,212,757	-	100.5	100.5
Expense of issue of shares	-	-	(0.9)	(0.9)
Rights issue	32,198,751	-	-	-
Issued to staff under share incentive plans	14,599	-	-	-
As at 31 March 2024	**939,298,346**	**-**	**128.9**	**128.9**

During the year, 50,000 preference shares were issued for £50k, of which £13k was fully paid up with £37k outstanding as at the reporting date. The preference shares do not carry any voting rights, however they carry rights to a preferential cumulative dividend, which accrues on paid up amounts at the Bank of England base rate and is payable on redemption. They do not carry any other dividend rights. The preference shares are redeemable at the option of the Group.

All 939,378,404 (FY24: 939,298,346) Ordinary shares have been issued fully paid and have full voting rights, dividend, and capital distribution rights.

30. Other reserves

Other reserves of £47.8m (FY24: £43.3m) primarily relate to equity settled share-based payments of £45.3m (FY24: £39.3m). See note 6 for further information.

	FY25 £'m	FY24 £'m
Fair value reserve	0.4	0.6
Cash flow hedge reserve (note 25)	3.5	4.8
Share based payment reserve	45.3	39.3
Other reserves and treasury shares	(1.4)	(1.4)
Total other reserves	**47.8**	**43.3**

31. Capital management

The following table presents a reconciliation for Atom between equity on the IFRS balance sheet and prudential capital. The Group's capital position is calculated for prudential regulatory reporting purposes for year ended 31 March 2025 using the Basel III framework of the Basel Committee on Banking Supervision (BCBS), as implemented by the European Union in the CRR and CRD and by the PRA rulebook for the UK banking industry. The approach taken complies with CRR II and the UK Leverage Ratio Framework which took effect from 1 January 2022. Full details of the regulatory capital and leverage frameworks are provided in Atom's Pillar 3 Report.

	FY25 £'m	FY24 £'m
Shareholders' equity per the statement of financial position	**423.9**	**402.4**
Less preference shares not eligible as CET1	(0.1)	
Regulatory adjustments		
Intangible assets	(38.0)	(41.6)
Deferred tax assets that rely on future profitability	(29.1)	(16.5)
IFRS9 transitional adjustment	3.0	6.8
Prudential valuation adjustment	(1.3)	(0.5)
Fair value reserves related to gains or losses on cash flow hedges	(3.5)	(4.8)
Common Equity Tier 1 (CET1) capital	**354.9**	**345.8**
Eligible Tier 2 instruments	50.0	-
Tier 2 capital	**50.0**	**-**
Total capital	**404.9**	**345.8**
Risk weighted assets (RWAs)*	**2,378.0**	**1,826.6**
Common Equity Tier (CET1) ratio*	**14.9%**	**18.9%**
Total capital ratio*	**17.0%**	**18.9%**
Leverage ratio*	**4.9%**	**6.8%**

The Group continues to maintain capital ratios that exceed its minimum requirements under the CRD V regulatory framework, and the UK leverage ratio framework.

Total capital increased to £405m (FY24: £346m) as a result of £50m of Tier 2 capital raised during the year and profit before tax of £5.1m.

* Regulatory metrics not required by IFRS and as a result, are unaudited.

Atom bank

OTHER

This section contains other mandatory disclosures that are important to understand the performance and position of Atom.

Jump to:

32. Other assets

	FY25 £'m	FY24 £'m
Cash collateral	52.5	61.0
Settlement and clearing accounts	10.0	19.1
Prepayments and other	8.7	8.6
Accrued income	2.9	4.2
Cash advanced to third parties	1.3	5.8
Total other assets	**75.4**	**98.7**

Cash collateral represents margin calls made on derivative contracts. The movement in the year is driven by the fair value movements of the associated derivatives.

Other assets include £10.0m (FY24: £19.1) of settlement and clearing accounts, the majority of which relates to mortgage loans where cash is being held in escrow before completion.

Accrued income represents interest receivable on cash balances. The decrease is due to the reduction in the cash balance held at bank and the reduction in base rate from the prior year.

Cash advanced to third parties represents funds in transit and can fluctuate based on the timing of cash flows.

33. Property, plant and equipment

Accounting for property plant and equipment

Property, plant, and equipment is recognised at cost, including any direct and incremental acquisition costs less accumulated depreciation and provisions for impairment, if required.

Depreciation is charged on a straight-line basis over the estimated useful economic life of the asset. Depreciation rates, methods and the residual values underlying the calculation of depreciation are reviewed at least annually for reasonableness and are modified prospectively, if required.

Atom uses the following annual rates in calculating depreciation:

- Fixtures and fittings: 5 years
- Office and IT equipment: 3 years
- Land: not depreciated

Impairment of property, plant, and equipment

At each balance sheet date property, plant and equipment are assessed for indications of impairment. An impairment review is performed if any such indicators are present. The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount, being the higher of the asset's net selling price and its value in use. The carrying values of fixed assets are reduced by the amount of any impairment, and this charge is recognised in the statement of comprehensive income in the period in which it occurs. A previously recognised impairment charge relating to a fixed asset may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount.

33. Property, plant and equipment (continued)

Right of use assets

Where items of property, plant or equipment are leased, a right of use asset is recognised representing the right to use the underlying asset.

The asset is depreciated in accordance with the property, plant and equipment accounting policy with a useful economic life aligned to the lease term. Further information on leases is disclosed in note 37.

	Fixtures and Fittings £'m	Office and IT Equipment £'m	Right-of-use Assets £'m	Land £'m	Total £'m
Cost					
As at 1 April 2023	**0.5**	**1.6**	**5.9**	**-**	**8.0**
Additions	-	0.3	0.4	-	0.7
Disposals	-	-	(5.7)	-	(5.7)
As at 31 March 2024	**0.5**	**1.9**	**0.6**	**-**	**3.0**
Additions	-	0.3	-	0.1	0.4
Disposals	-	(0.7)	-	-	(0.7)
As at 31 March 2025	**0.5**	**1.5**	**0.6**	**0.1**	**2.7**
Accumulated depreciation and impairment					
As at 1 April 2023	**0.5**	**1.4**	**2.9**	**-**	**4.8**
Depreciation charge	-	0.2	0.7	-	0.9
Eliminated on disposal	-	-	(3.4)	-	(3.4)
As at 31 March 2024	**0.5**	**1.6**	**0.2**	**-**	**2.3**
Depreciation charge	-	0.2	0.3	-	0.5
Eliminated on disposal	-	(0.7)	-	-	(0.7)
As at 31 March 2025	**0.5**	**1.1**	**0.5**	**-**	**2.1**
Net book value					
At 31 March 2025	**-**	**0.4**	**0.1**	**0.1**	**0.6**
At 31 March 2024	**-**	**0.3**	**0.4**	**-**	**0.7**

During the year, the Group acquired a woodland for the purposes of generating carbon credits in alignment with its Environmental, Social, and Governance (ESG) strategy to mitigate its carbon footprint. The land has been capitalised in property, plant and equipment and the carbon credits have been capitalised as intangible assets (note 34).

The disposal of £0.7m during the year relates to IT Equipment no longer in use/recycled. In FY24 disposals of £5.7m took place relating to the renegotiation of the lease of Atom's head office.

On 26 March 2025, the Group signed an agreement for lease, relating to the new proposed head office location. The agreement is a binding agreement between the Bank and the lessor to enter into a lease agreement, subject to certain conditions being met. The agreement itself does not convey the Group the right to control the underlying asset as it does not allow the Group to obtain the economic benefits of the asset, nor does it allow it direct its use. As such, a right of use asset and respective lease liability has not been recognised.

34. Intangible assets

Accounting for intangible assets

Intangible assets with finite useful lives that are acquired or built are carried at cost less accumulated amortisation and impairment losses. Intangible assets with indefinite useful lives that are acquired or built are carried at cost less accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The useful life for each class of intangible asset is as follows:

- Banking Licence: the banking licence has an indefinite life as there is no foreseeable limit to the period over which the asset is expected to generate benefits for the business. Costs relating to obtaining this asset are held at cost and are not being amortised.
- Core Banking Software: up to 10 years
- Carbon credits: amortised as used

Software

Software includes both purchased items and internally developed systems. Purchased intangible assets and costs directly associated with the development of software, including directly attributable staff costs, are capitalised as intangible assets where there is an identifiable asset which we control, and which will generate future economic benefits in accordance with IAS 38.

Carbon credits

Carbon credits have been externally purchased as part of the woodland acquisition during the financial year and have been acquired in alignment with the Group's Environmental, Social, and Governance strategy to mitigate its carbon footprint. Consistent with the intent to offset the Group's own emissions, these carbon credits have been capitalised as intangible assets. The capitalised amount will be recognised within the profit and loss statement as the associated emissions are offset. The associated land has been capitalised as part of property, plant and equipment.

34. Intangible assets (continued)

Impairment review

At each balance sheet date, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Research and development expenditure

Research expenditure is written off to the statement of comprehensive income in the period in which it is incurred. Development expenditure is also written off to the statement of comprehensive income, except where the Directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised and amortised over the period in which the Group is expected to benefit.

The disposal of £6.8m (£0 net book value) during the year relates to software no longer in use by the Group.

Of the £9.7m software additions in the accounting period, £8.3m relates to internally generated additions.

	Banking License £'m	Software £'m	Carbon credits £'m	Total £'m
Cost				
As at 1 April 2023	**0.9**	**88.0**	**-**	**88.9**
Additions	-	15.6	-	15.6
As at 31 March 2024	**0.9**	**103.6**	**-**	**104.5**
Additions	-	9.7	0.1	9.8
Disposals	-	(6.8)	-	(6.8)
At 31 March 2025	**0.9**	**106.5**	**0.1**	**107.5**
Accumulated amortisation and impairment				
As at 1 April 2023	**-**	**51.1**	**-**	**51.1**
Amortisation charge	-	11.8	-	11.8
As at 31 March 2024	**-**	**62.9**	**-**	**62.9**
Amortisation charge	-	13.4	-	13.4
Disposal	-	(6.8)	-	(6.8)
At 31 March 2025	**-**	**69.5**	**-**	**69.5**
Net Book Value				
As at 31 March 2025	**0.9**	**37.0**	**0.1**	**38.0**
As at 31 March 2024	**0.9**	**40.7**	**-**	**41.6**

35. Provisions

Accounting for provisions

Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated.

	IFRS 9 £'m	Other £'m	Total £'m
At 1 April 2023	**0.2**	**0.2**	**0.4**
Charged to the statement of comprehensive income	0.3	0.1	0.4
At 31 March 2024	**0.5**	**0.3**	**0.8**
Amounts utilised	-	(0.1)	(0.1)
(Released)/charged to the statement of comprehensive income	(0.1)	0.3	0.2
At 31 March 2025	**0.4**	**0.5**	**0.9**

The IFRS 9 provision represents expected credit losses on loan commitments, in line with the credit risk policies disclosed in note 10.

Other represents management's best estimate of the cost to settle severance and dilapidation provisions, for which a future obligation exists as at the end of the reporting period.

36. Other liabilities

Accounting for grants

Government grants are recognised upon reasonable assurance of both receipt and compliance with all stipulated conditions. Grants compensating for expenses are recognised as income systematically over the periods the corresponding costs are expensed. Grants related to asset acquisitions are applied directly to reduce the asset's carrying value.

	FY25 £'m	FY24 £'m
Accounts payable and sundry creditors	4.2	9.0
Accrued expenses	3.6	5.5
Payroll creditors	5.6	4.4
Corporation tax payable	0.3	0.2
Cash collateral	43.4	42.7
Lease liability	0.1	0.4
Grants	1.6	3.9
Total other liabilities	**58.8**	**66.1**

Sundry creditors have decreased to £4.2m (FY24: £9.0m) primarily due to timing of funds in transit clearing in the prior year.

Accrued expenses decreased by £1.9m to £3.6m due to variations in the timing of supplier invoices and a comparatively higher level of project related spend in Q4 FY24 when compared with FY25. Payroll creditors includes £3.9m (FY24: £2.9m) of employers NI liability relating to share based payments.

Collateral represents margin calls made on derivative contracts. The movement in the year is driven by the fair value movements of the associated derivatives.

Atom has £1.6m (FY24: £3.9m) remaining if the £10m award from pool C of the Capability and Innovation Fund administered by Banking Competition Remedies (BCR) in 2020. £2.2m (FY24: £1.5m) of the funding was released during the year, recorded net of the costs for which it was intended to compensate.

37. Leases

Accounting for leases

A lease liability is recognised for the obligation to make future lease payments alongside a right of use asset representing the right to use the underlying asset for the lease term. Subsequently, the lease liability accumulates interest and is reduced by any lease payments made, while the right of use asset is depreciated in accordance with the property, plant and equipment accounting policy.

Atom acts solely as a lessee, reporting both an asset and a liability on the balance sheet.

Atom leases both office premises and office equipment. Exemptions available for short term leases, those with terms or 12 months or less, and those for which the underlying asset is of low value are applied.

The below table sets out a maturity analysis of undiscounted lease liabilities, showing the lease payments to be paid after the reporting date.

	FY25 £'m	FY24 £'m
Not more than one year	0.1	0.3
Over one year but not more than five years	-	0.1
Total undiscounted lease liabilities	**0.1**	**0.4**

The total undiscounted lease liability has reduced to £0.1m (FY24: £0.4m) as a result of lease repayments made during the year.

38. Related party transactions

(i) Key management personnel

Key management personnel are the Board and Executive Committee, which are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The compensation paid or payable to key management personnel is shown in the tables below. Remuneration paid to Directors has been separately disclosed.

Executive Committee (excluding directors)	FY25 £'m	FY24 £'m
Wages and salaries	2.2	1.8
Share based payments	1.0	1.0
Pension costs	0.1	0.1
Total	**3.3**	**2.9**

There were an average of 8 (FY24: 9) members of the Executive Committee during the year.

Directors emoluments	FY25 £'m	FY24 £'m
Wages and salaries	1.9	1.8
Share based payments	0.6	0.6
Total	**2.5**	**2.4**

Highest paid director	FY25 £'m	FY24 £'m
Wages and salaries	0.7	0.7
Share based payments	0.4	0.4
Total	**1.1**	**1.1**

One director (FY24: One) accrued retirement benefits under the defined contribution scheme.

Two directors (FY24: Two) received share-based payments as part of their remuneration.

No directors exercised share options during the year (FY24: nil).

(ii) Investment in subsidiaries

Atom Holdco plc is the ultimate parent company. The following entities are accounted for as subsidiary companies, as a result of either direct or indirect control of the entity. Control under IFRS 10 is when the Group is exposed to or has rights to variable returns from its involvement in the entity and has the ability to affect those returns. All subsidiaries are 100% controlled and operate and are incorporated in the UK.

Company Name	Holding	Registered address
Direct holdings		
Atom bank plc	100% Ordinary shares	The Rivergreen Centre, Aykley Heads, Durham, DH1 5TS
Indirect holdings		
Atom EBT Limited	100% Ordinary shares	The Rivergreen Centre, Aykley Heads, Durham, DH1 5TS
Associated undertakings		
Atom Bank Employee Benefit Trust	Employee trust	The Rivergreen Centre, Aykley Heads, Durham, DH1 5TS
Special Purpose vehicles		
Elvet Mortgages 2021-1 plc	Issue of securitised notes	8th Floor 100 Bishopsgate, London, United Kingdom, EC2N 4AG
Elvet Mortgages 2023-1 plc	Issue of securitised notes	8th Floor 100 Bishopsgate, London, United Kingdom, EC2N 4AG
Elvet Mortgages 2025-1 plc	Issue of securitised notes	8th Floor 100 Bishopsgate, London, United Kingdom, EC2N 4AG

In the course of its business, the Group transacts with structured entities which have been designed to finance the purchase of assets through securitisation and therefore raise finance from external investors by enabling them to invest in specified financial assets. At 31 March The Group has three consolidated structured entities, Elvet Mortgages 2021-1, Elvet Mortgages 2023-1 plc and Elvet Mortgages 2025-1 plc which are included above.

Atom bank

FINANCIAL STATEMENTS OF ATOM HOLDCO PLC

Jump to:

Primary statements

Notes to the financial statements

Statement of financial position
As at 31 March 2025

As at 31 March	Note	FY25 £'m	FY24 £'m
Non current assets			
Investment in subsidiary	2	386.3	380.2
Current assets			
Loan to group undertakings	3	50.6	-
Total assets		436.9	380.2
Long term liabilities			
Subordinated liability	3	50.6	-
Net assets		**386.3**	**380.2**
Equity			
Share capital and share premium	4	130.6	130.5
Merger reserve	2	210.3	210.3
Share based payment reserve	5	45.4	39.4
Total equity		**386.3**	**380.2**

The notes and information on pages 132 to 134 form part of the financial statements.

The financial statements from pages 131 to 134 were approved by the Board of Directors on [date] and signed on its behalf by:

Mark Mullen
Chief Executive Officer
10 July 2025

Andrew Marshall
Chief Financial Officer
10 July 2025

Statement of changes in equity

	Share capital and share premium £'m	Merger reserve £'m	Share based payment reserve £'m	Total Equity £'m
Balance as at 1 April 2023	**30.0**	**210.3**	**32.2**	**272.5**
Issuance of shares	100.5	-	-	100.5
Share schemes – value of employee services	-	-	7.2	7.2
Balance as at 31 March 2024	**130.5**	**210.3**	**39.4**	**380.2**
Issuance of shares	0.1	-	-	0.1
Share schemes – value of employee services	-	-	6.0	6.0
Balance as at 31 March 2025	**130.6**	**210.3**	**45.4**	**386.3**

1. Summary of material accounting policies

This section describes Atom Holdco plc's significant policies and critical accounting estimates that relate to the financial statements and notes as a whole. If an accounting policy or a critical accounting estimate relates to a particular note, the accounting policy and/or critical accounting estimate is contained within the relevant note.

a. Reporting entity

These financial statements are prepared for Atom Holdco plc. Atom Holdco plc is a public company, limited by shares and is incorporated and registered in the United Kingdom.

The registered address of Atom Holdco plc is The Rivergreen Centre, Aykley Heads, Durham, DH1 5TS.

b. Basis of preparation

The financial statements have been prepared and approved by the Board of Directors in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing the financial statements, the company has applied the recognition, measurement and disclosure requirements of UK adopted International Accounting Standards and the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

Where relevant, equivalent disclosures have been given in the consolidated financial statements of Atom Holdco plc. They are stated in pounds Sterling (£), the functional and presentational currency of the Company, and are rounded to the nearest million (£'m) unless otherwise stated. The financial statements have been prepared on an historical cost basis.

In the individual financial statements, Atom Holdco plc has applied the following exemptions from the requirements of IFRS available under FRS101 in respect of the following disclosures:

- Paragraphs 45(b) and 46 to 52 of IFRS 2 Share based payments
- The following paragraphs of IAS 1 Presentation of financial statements:
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS); and
  - 111 (statement of cash flows information)
- IAS 7 Statement of cash flows
- Paragraphs 30 and 31 of IAS 8 Accounting policies, changes in accounting estimates and errors (new and revised standards that have been issued but not yet effective)
- The requirements in IAS 24 Related party disclosures, to disclose related party transactions entered into between two or more members of a group.

c. Going concern

The financial statements have been prepared on a going concern basis, as the Directors are satisfied that Atom Holdco plc has the resources to continue in business for the foreseeable future (which has been taken as 12 months from the date of approval of the financial statements). In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including the current state of the balance sheet, capital resources, cash flows and the strategy of the business. Further information is included within the Directors' responsibilities statement on page 51.

d. Presentation of financial statements

Atom presents its statement of financial position in order of liquidity based on its intention and perceived ability to recover/ settle the majority of assets/liabilities of the corresponding financial statement line item.

e. Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Based on the nature of the Company's operations, the Directors consider that there are no critical accounting estimates and judgements that impact the preparation of the financial statements.

f. Parent company profit and loss account

No profit and loss account is presented by the Company as permitted by section 408 of the Companies Act 2006.

The Company had no employees during the year, and no staff costs.

Auditors fees payable in relation to the audit of the financial statements of the Parent company are £50k (FY24: £19k), settled on the Parent's behalf by Atom bank plc.

2. Investment in subsidiary

Accounting for investment in subsidiary

Investment in subsidiaries is initially held at cost less provision for impairment. Any impairment is charged to the profit and loss statement as it arises.

The investment in subsidiary represents the Company's 100% holding in Atom bank plc, following a group reorganisation in October 2022. Atom Holdco plc obtained control of Atom bank plc and it's subsidiaries as part of a scheme of arrangement, whereby shares in Atom Holdco plc were issued to the existing shareholders of the group in exchange for their existing shares.

The assets and liabilities of the new and the original group remained the same immediately before and after the reorganisation and there was no change in relative interests of the owners of the original parent after the reorganisation.

Initial recognition of Atom Holdco plc's investment in Atom bank plc was at fair value, being net asset value at the transaction date. As no cash was transferred, a corresponding £210.3m merger reserve was recognised at the same time.

	£'m
At 1 April 2023	**272.5**
Additions (note 5)	107.7
At 31 March 2024	**380.2**
Additions (note 5)	6.1
At 31 March 2025	**386.3**

The carrying value of the investment is supported by the underlying net assets of the subsidiary and is subject to impairment review annually.

The registered address of Atom bank plc is The Rivergreen Centre, Aykley Heads, Durham, DH1 5TS.

3. Subordinated liability

Accounting for subordinated liability

Subordinated liabilities are recognised initially at fair value, being their issue proceeds net of transaction costs incurred. These instruments are subsequently stated at amortised cost using the effective interest rate method.

As at 31 March 2025 the Company had the following subordinated liability:

	£m
Principal	50.0
Upfront costs	(0.7)
Interest expense accrual	1.3
At 31 March 2025	**50.6**

The subordinated liability represents a £50m fixed rate callable subordinated Tier 2 issuance, maturing in 2035, with a call option in January 2030. The notes pay interest at a rate of 11.5%, payable semi-annually in arrears.

The Company issued the notes externally to the market and on the same date, a separate instrument was issued by Atom bank plc to the Company, for the same amount and at the same rate, with the same maturity date and call option, resulting in an equivalent loan to group undertaking being recognised.

Accounting policy for loan to group undertakings

Loan to group undertakings are recognised initially at fair value, being their issue proceeds net of transaction costs incurred. This is subsequently stated at amortised cost using the effective interest rate method.

4. Share capital and premium

Accounting for share-based payments

Shares are classified as equity instruments when there is no contractual obligation to deliver cash or other assets to another entity on terms that may be unfavourable. Ordinary shares and preference shares are classified as equity.

	Number of shares	Ordinary shares (£0.00001 each)	Preference shares (£1 each)	Share premium	Total share capital and share premium
		£'m	£'m	£'m	£'m
As at 1 April 2024	**939,298,346**	**-**		**130.5**	**130.5**
Issued during the year	50,000	-	0.1	-	0.1
Issued to staff under share incentive plans	80,058	-	-	-	-
As at 31 March 2025	**939,428,404**	**-**	**0.1**	**130.5**	**130.6**

	Number of shares	Ordinary shares (£0.00001 each)	Share premium	Total share capital and share premium
		£'m	£'m	£'m
As at 1 April 2023	655,872,239	-	30.0	30.0
Issued during the year	251,212,757	-	100.5	100.5
Rights issue	32,198,751	-	-	-
Issued to staff under share incentive plans	14,599	-	-	-
As at 31 March 2024	939,298,346	-	130.5	130.5

During the year, 50,000 preference shares were issued for £50k, of which £13k was fully paid up with £37k outstanding as at the reporting date. The preference shares do not carry any voting rights, however they carry rights to a preferential cumulative dividend, which accrues on paid up amounts at the Bank of England base rate from time to time and is payable on redemption. They do not carry any other dividend rights. The preference shares are redeemable at the option of the Group.

All 939,378,404 Ordinary shares (FY24: 939,298,346) have been issued fully paid and have full voting rights, dividend, and capital distribution rights.

5. Share-based payments

Accounting for share-based payments

The Company issues equity-settled share-based payments to certain employees of its subsidiary, Atom bank plc. Equity-settled share-based payments granted to employees are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the shares that will eventually vest.

All awards granted under current schemes are conditional on employee service and do not contain non-market or market performance conditions.

All awards are made to subsidiary employees. The fair value of awards is recognised by Atom Holdco plc as a debit to its investment in subsidiaries, with a corresponding credit recorded in the share-based payment reserve, within equity. No intragroup recharges are made in relation to share based payments.

As at 31 March 2025 the Company had the following share-based payment arrangements:

Scheme	Overview	Weighted average exercise price (pence)	Weighted average remaining contractual life
Build the Bank share scheme (BTB)	A one off scheme designed to reward staff involved in the earliest stages in the development of Atom	35	1 years
Annual performance share scheme (APSS) – 2015 to 2025	Annual performance award. APSS17 to 25 includes a HMRC approved Company Share Option Plan	0.001	8 years
Long term incentive scheme (LTIP)	A retention scheme put in place for a limited number of senior staff	60	3 years
Joint share ownership plan (JSOP)	This is an executive scheme implemented for a number of Atom's founders	0.001	2 years

All schemes are equity settled, and the options have a 10-year contractual life.

Atom bank

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATOM HOLDCO PLC

Independent auditors' report to the members of Atom Holdco plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Atom Holdco plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2025 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: consolidated and individual statements of financial position as at 31 March 2025; consolidated statement of comprehensive income, consolidated and individual statements of changes in equity and consolidated cash flow statement for the year then ended; and the notes to the financial statements (excluding the regulatory metrics marked as "unaudited" in the Notes 'Managing liquidity and funding risk' and 'Capital management'), comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment, the significance of components and other qualitative factors.
- We performed audit procedures over components considered significant in the context of the group or in the context of individual primary statement account balances.

Key audit matters

- Valuation of the deferred tax asset (group).
- Expected credit losses on loans and advances to customers (group).
- Assessing the carrying value of the investment in subsidiary for impairment (parent).

Materiality

- Overall group materiality: £4.2m (FY24: £4.0m) based on 1% of Net Assets.
- Overall company materiality: £4.3m (FY24: £3.8m) based on 1% of Total Assets.
- Performance materiality: £3.2m (FY24: £3.0m) (group) and £3.2m (FY24: £2.8m) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Independent auditors' report to the members of Atom Holdco plc

Report on the audit of the financial statements (continued)

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of the deferred tax asset (group) The deferred tax asset was determined based on probable future taxable profits expected to be earned over an assessed forecast period. Judgement was involved in determining the period of assessment and certain significant assumptions used to value the asset. Refer to the relevant disclosures and accounting policies used by management are disclosed in the Note: Taxation.	We obtained and evaluated management's scenario analysis supporting the recognition of the deferred tax asset based on the expected utilisation of losses. We challenged the key judgements to assess compliance with the IAS 12 requirements, assessed management's forecasts and underlying assumptions, and the application of relevant tax rules that apply to banks. We have evaluated the reasonableness of the forecast period used and judgements made in the underlying forecasts used to value the asset. We obtained and evaluated the deferred tax asset calculations to assess the mathematical and mechanical accuracy and completeness of the underlying workings. We evaluated and tested the disclosures made in the Annual Report.

Independent auditors' report to the members of Atom Holdco plc

Report on the audit of the financial statements (continued)

Key audit matter	How our audit addressed the key audit matter
Expected credit losses on loans and advances to customers (group) Determining expected credit losses ("ECL") is inherently judgemental and involves making various assumptions. This can give rise to increased estimation uncertainty. ECL is calculated using historical default and loss experience but requires judgement to be applied in predicting future economic conditions, e.g. house prices, economic outlook and customer behaviour. Modelling methodologies are used to estimate ECL. These may not appropriately address relevant risks and therefore post model adjustments may be applied. Our audit focused on the significant assumptions for which variations had the most material impact on ECL. We consider the risk relating to the forward looking economic assumptions and the weighting assigned to these scenarios to be significant. Refer to the relevant disclosures and accounting policies used by management are disclosed in the Note: Managing Credit Risk.	We engaged the support of our credit risk modelling specialists and economic experts to critically assess the appropriateness of the ECL. *Forward looking economic scenarios and assigned weightings* We assessed the reasonableness of the forward looking economic scenarios and weightings assigned to them, and benchmarked them against market consensus data. The severity of the scenarios was evaluated with reference to external forecasts, including data from historical economic downturns. We evaluated the assigned weightings, by assessing the severity and magnitude of the losses in comparison to historic and third party forecasts with our economic experts. *Model methodology and post model adjustments* We critically assessed the appropriateness of the methodology used in the in-scope impairment models and evaluated compliance with IFRS 9 requirements. We evaluated the methodology, appropriateness and implementation of material post model adjustments. We tested the results of model monitoring performed by management. We validated that the in scope models were implemented in line with the methodology through a combination of independent model replication and code reviews. We evaluated and tested the disclosures made in the Annual Report.

Independent auditors' report to the members of Atom Holdco plc

Report on the audit of the financial statements (continued)

Key audit matter	How our audit addressed the key audit matter
Assessing the carrying value of the investment in subsidiary for impairment (parent) The investment in the subsidiary relates to the investment in Atom bank plc. The investment is recorded at cost less any provision for impairment. Management is required to perform an assessment of whether there is any indication that the asset may be impaired. No impairment indicators were identified. The relevant disclosures and accounting policies used by management are disclosed in the Note: Investment in subsidiary of the Atom Holdco plc financial statements.	We evaluated management's assessment of whether there is any indication of impairment. This assessment included considering the profit of the subsidiary, its net assets and our border understanding of the business from our role as auditors of the subsidiary. Based on the procedures performed, we are satisfied that there is sufficient evidence to support the recoverable amount of the investment in subsidiaries and conclude that no impairment is required. We evaluated and tested the disclosures made in the Annual Report.

Independent auditors' report to the members of Atom Holdco plc

Report on the audit of the financial statements (continued)

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group comprises the company, Atom bank plc, and special purpose vehicles over which, under accounting standards, the group has control. Each entity is located in the UK and is considered to be a financial reporting component.

In establishing the overall approach to our audit of the financial statements, we determined the type of work that was required to be performed over each component. The company and Atom bank plc were considered significant due to risk and size in the context of the group's consolidated financial statements and therefore we performed a full scope audit of the component financial information. Elvet Mortgages 2021-1 plc, Elvet Mortgages 2023-1 plc and Elvet Mortgages 2025-1 plc were considered non-significant components in the context of the group's consolidated financial statements with further audit procedures being performed over certain balances.

All audit work was performed by the same engagement team.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements. These procedures included consideration of the impact of climate risk on loan provisioning.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	*Financial statements - company*
Overall materiality	£4.2m (FY24: £4.0m)	£4.3m (FY24: £3.8m)
How we determined it	1% of Net Assets	1% of Total Assets
Rationale for benchmark applied	The group's net assets is considered the most appropriate benchmark as it is correlated to capital and is a key metric for the users of the financial statements. The benchmark takes into consideration balance sheet growth, the importance of capital, and increasing scale of operations.	Atom Holdco plc is a holding company and therefore an asset based measure is considered appropriate. Total assets is a generally accepted auditing benchmark.

Independent auditors' report to the members of Atom Holdco plc

Report on the audit of the financial statements (continued)

Materiality (continued)

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £2.5m to £4.0m.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (FY24: 75%) of overall materiality, amounting to £3.2m (FY24: £3.0m) for the group financial statements and £3.2m (FY24: £2.8m) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £210,000 (group audit) (FY24: £201,500) and £210,000 (company audit) (FY24: £190,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- performing a risk assessment to identify factors that could impact the going concern basis of accounting, including the current and forecast financial performance;
- understanding and evaluating management's going concern assessment, including consideration of the impact of the current economic environment;
- understanding and evaluating management's forecasts and the stress testing of liquidity and regulatory capital performed by management;
- evaluating management's ability to accurately forecast financial performance by comparing budgeted financial information with historical actual results;
- reviewing regulatory correspondence, and relevant reports provided to governance forums; and
- reading and evaluating the appropriateness of the disclosures made in the financial statements in relation to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report to the members of Atom Holdco plc

Report on the audit of the financial statements (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with

Independent auditors' report to the members of Atom Holdco plc

Report on the audit of the financial statements (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Financial Conduct Authority's ('FCA') regulations and the Prudential Regulation Authority's ('PRA') regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries that could be used to manipulate financial performance and the potential for management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulations;
- Review of internal audit findings throughout the year, in so far as these related to the financial statements;
- Review of correspondence with the PRA and FCA;
- Incorporation of an element of unpredictability in our testing through altering the nature, timing and/or extent of work performed;
- Challenging estimates and judgements made by management in forming significant accounting estimates in particular those relevant to the key audit matters; and
- Identifying and testing journals that meet the higher risk criteria.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Atom Holdco plc

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Michael Whyte
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
10 July 2025

Atom bank