Atom bank

Annual Report

2025/26

Atom Holdco plc

Consolidated Financial Statements

At a glance

4.8/5
Trustpilot Score

The UK's Most Trusted Savings Bank

5 Stars
App Store Ratings

+87
NPS Rating

8%
Mortgage Lending Growth

28%
Business Banking Secured Lending (BBSL) Growth

11%
Deposits Growth

8%
Net Interest Income Growth

84%
Great Place To Work EngagementScore

£300M
Cash ISA Balances

Since Launch
December 2025

Registered office

The Pattern Shop
20 South Street
Newcastle upon Tyne
NE1 3PE

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.

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 "FY26" refers to the financial year from 1 April 2025 to 31 March 2026. References to "FY25" refers to the financial year 1 April 2024 to 31 March 2025. References to "2026" shall mean the calendar year from 1 January 2026 to 31 December 2026. References to "2025" shall mean the calendar year from 1 January 2025 to 31 December 2025.

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Chairman's Statement

Lee Rochford

Chairman

We have learned to adapt to what begins to feel like 'the annual shock'.

This year it's the Iran war. Last year it was the global tariff crisis. Back in 2023 it was the collapse of Silicon Valley Bank. Go back a little further and it was the cost-of-living shock and before that the Russian invasion of Ukraine in 2022, or the Covid pandemic of 2020.

These crises have tested both our resilience and our resolve. Perhaps a period of relative dullness and stability would be more welcome?

In spite of these uncertainties, Atom has continued to grow and to prosper. Our customer focus and culture together with the strength of our governance and risk management have served us well. We have grown our net interest income (by 8%) and delivered a material uplift in both our profit before, and after, tax. Notably, Atom's Return on Tangible Equity (ROTE) of 10% represents our strongest ever performance. And there's a great deal more to come.

We finished the year as the **No.1 Trusted Bank** on

Trustpilot

We delivered net interest income growth of

8%

We launched our Cash ISA and a number of partnership products

We successfully executed an AT1 transaction and our 7th mortgage securitisation

Competition, Regulation and Capital

The beginning of our financial year coincided with the completion of Nationwide's takeover of Virgin Money and ended with Revolut's announcement that their banking licence restrictions had been lifted.

From April 2027, the annual Cash ISA limit will be reduced to £12,000 for savers under 65, while the overall £20,000 allowance remains. The change forces a split for under-65s - £12,000 in cash and £8,000 in investments (such as stocks and shares) and forms part of the government's policy of encouraging more private investing. From 1 December 2025, the FSCS deposit guarantee limits were increased to £120,000 per customer (up from £85,000).

In another significant development the formation of the UK Payments Initiative (UKPI) is designed to enable commercial Variable Recurring Payments (VRPs) and the publication of the Open Finance Roadmap provides an Open Data roadmap that extends out to 2030. For many years now Atom customers have benefitted from the security of our closed-loop payments, however, we are monitoring developments closely as we consider extending our payments proposition to embrace the Open Banking platform.

The Bank of England's 2025 Stress Test confirmed that the UK banking system was well-capitalised and the benchmark for system-wide Tier 1 capital requirements was adjusted from 14% to approximately 13% of risk-weighted assets. The Countercyclical Capital Buffer (CCyB) rate was maintained at 2%. It's encouraging news for Tier 1 banks but of little assistance to 'non-systemic' institutions such as ourselves.

Our earliest plans envisaged that we would obtain an Internal Ratings Based (IRB) permission - to use our own rating system to underpin our management of both credit and capital risk. Since 2018, we have been investing in our IRB programme and for years now, we have been dual running both IRB and Standardised regimes. Following an extended pause in engagement from the PRA specialist teams, we have now fully re-engaged with them. Side by side with this welcome development, we have also been working to comply with the new Basel 3.1 capital rules, which take effect from January 2027.

Throughout, Atom has maintained its focus on helping homeowners and business owners. Our mortgage proposition remains distinctive among both neo and challenger banks.

Economic and Political Outlook

UK growth forecasts for 2026 have been downgraded. The IMF is now projecting 1.0% growth and the OECD 0.9%, down from early 2026 estimates of between 1.3% and 1.4%. The downward revision is driven by a number of factors including the impact of the Middle East conflict on energy prices together with inflation and general global uncertainty. The UK is expected to fare among the worst of the advanced economies.

We end the year with inflation at 3.3%, some way adrift of the Bank of England's 2% target. Unemployment is hovering around 5%.

To date, our customers have been well insulated from these developments, and we have maintained consistently high underwriting, affordability assessment and stress testing standards, but we are not complacent and are monitoring the situation closely.

Changes to the Board

We welcomed Catherine "Katie" English as a new independent director. Katie is CEO of Ekorn and Partner at Umbra Capital Partners. A former CMO with US-based fintech Harness Wealth and also of Nutmeg prior to its acquisition by JP Morgan. Catherine has also held roles at American Express in both the UK and the US and worked in the Investment Bank and Private Bank at JPMorgan.

In the coming months we will bid farewell to the long-serving Gonzalo Romera, one of our BBVA Board representatives. We will make an announcement about his successor in due course, but we are very grateful for Gonzalo's contribution to and support for Atom. In last year's report, I wrote that our CFO and Executive Director Andrew Marshall had decided to leave the firm. It was our good fortune that Andrew had a change of heart and is today fully committed to our project.

An eye to the Future

In Autumn 2025, we successfully completed the relocation of our headquarters to the Pattern Shop in Newcastle's Stephenson Quarter. We further reduced our carbon footprint and won the North East Business IQ Net Zero Award and we were certified as one of the UK's Greatest Places to Work.

Looking ahead, we will continue to deliver outstanding customer experiences, add to our new Cash ISA by further broadening our savings range and continue to invest in our IRB programme. We see enormous potential in the application of AI and Agentic Banking solutions to our business model, and we will accelerate our investment in these technologies.

The Board and Management continue to assess options to create liquidity events for shareholders, some of whom invested at the start of the Atom journey. It is a balance between assessing fair value given volatile capital markets, timing and a wide range of investor profiles on the register.

We begin the new financial year in excellent shape, and we will continue to focus on delivering sustainable and profitable growth.

Lee Rochford
Chairman
17 July 2026

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Directors' Report

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Chief Executive's Review

Mark Mullen

Chief Executive Officer

Last year we introduced our five key objectives against which to measure our progress in executing our strategy.

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

1. Growth and Returns to Outperform the UK banking sector

We have made strong progress against this, our growth and profitability objective. Our Profit Before Tax (PBT) improved from £5.1m to £9.4m, Profit After Tax (PAT) advanced from £16.9m to £27.8m and our Return on Tangible Equity (RoTE) increased to 10%. Our Net Interest Income (NII) improved by 8% to £110m and the loan book grew by 10% to £5.8bn. Our secured commercial lending balances broke through the £1bn barrier in January 2026.

These are positive results, particularly so given that 97% of our earnings are asset led - i.e. derived from lending to customers. Mindful of yield curve volatility, we nonetheless need to strike a better balance in the composition of our earnings. Doing so is among our highest priorities. Of necessity, we maintain a very disciplined approach to capital management and allocation. In the course of the year, we completed our inaugural AT1 issuance, which priced very favourably. We do not place material reliance on the Bank of England Reserve Account to subsidise our earnings at the expense of the UK taxpayer.

We delivered these results despite considerable macroeconomic volatility, maintaining exceptionally low levels of both arrears and forbearance at just 0.9% across the loan portfolio. In the final quarter of the financial year, the impact of the potential economic fallout from the war in Iran played through into higher modelled Expected Credit Losses (ECLs) for the year at £9.4m against £7.1m in FY25.

In the course of the year, we further expanded and established new deposit platform partnerships. We grew retail deposit balances to more than £8.3bn and launched our first Cash ISA. We have invested in our behaviouralisation and price elasticity modelling and continued to leverage our Elvet Securitisation programme.

Growing our retail deposit capabilities will remain a key strategic focus. We continue to work toward increasing our maximum aggregate balance, driven by the upcoming launch of our latest savings variants.

£4.6BN
Mortgages
(FY25: £4.2BN)

£1.1BN
Business Banking Secured Loans
(FY25: £0.8BN)

£8.3BN
Deposits
(FY25: £7.5BN)

£110M
Net Interest Income
(FY25: £102M)

£9M
Profit Before Tax
(FY25: £5M)

£28M
Profit After Tax
(FY25: £17M)

£26M
Operating Profit
(FY25: £25M)

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

2. To be one of the UK's Most Recommended Companies

We ended the financial year as the number 1 bank, private sector bank and savings bank on Trustpilot (rating 4.8). Our latest Net Promoter Score (NPS) as measured with Feefo is +87 and we are now a Feefo Platinum Trusted Service Award winner. We continue to provide 5-star rated apps across both iOS and Android - our average star rating throughout the year was 4.9 on iOS and 4.8 on Android.

At the 2026 What Mortgage Awards we won Best Online Lender for the 9th time in succession. We were winners of the Moneyfacts Compare App-only Savings Provider of the Year and Best Digital Lender awards. At the L&G Awards we were winners of the Best Medium sized lender award.

Our Financial Ombudsman Service complaint referrals and 'uphelds' performance are industry leading. Our business loans time to agreement in principle is 1 working day and time-to-offer consistently well inside our 10 working day SLA. Our average mortgage agreement in principle (AIP) time is inside 4 days. These metrics are by no means 'frozen' in time. We have a considerable pipeline of changes that will drive further improvements for our customers.

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

After a decade in Durham, in September we successfully relocated our Headquarters to the iconic Pattern Shop in Newcastle. Originally part of the Stephenson (of Rocket fame) engineering works, today we can house the entire team under one roof.

We have always measured employee engagement, however, last year we took the decision to participate in an externally comparable industry benchmark - the Great Place to Work survey. At our first attempt we succeeded in obtaining GPTW accreditation and ranked 31st in the large company ranking with a trust score of +82.

We have also changed our variable pay proposition, linking it more closely to individual performance and introduced a new High-Performance Framework that more closely aligns to our strategy, objectives and values.

We are also highly committed to leveraging AI to drive innovation and efficiency because we have long understood the central role that technology plays in enabling our vision - and in delivering superior value for our customers. Nonetheless, it is only through a combination of human and artificial intelligence that we will realise the full potential of Atom. If we are to be successful, we must carefully navigate the coming transition with our colleagues. After all, "machines don't care".

Our Chief People Officer Helen Wilson established the Atom Women's Network to focus on the needs and wants of our female colleagues. Today it has well over 100 active members. Last year our gender pay gap widened slightly (increasing from 28.4% to 29.2%) and, although this highlights the distance we still have to travel, it reinforces our collective commitment to driving meaningful, long-term progress.

4. A bank that achieves excellence in both governance and culture

We have continued to strengthen our governance and have always maintained an open and positive relationship with our regulatory supervisors. We are investing in strengthening our control environment and have recently made new appointments to our Money Laundering Reporting Officer (MLRO) and Chief Data Officer (CDO) positions. We have further strengthened our first- and second-line modelling and model validation teams.

We have also invested in our transformation capabilities, extending Gemini AI support to all of our colleagues, building out our Artificial Intelligence (AI) team and at the beginning of FY27, establishing a Transformation Office that brings together Strategy, Value Management and AI to drive technology enabled innovation and transformation.

Throughout the year we have engaged directly with His Majesty's Treasury, with members of the Government and through both UK Finance and Innovate Finance to further our competitive agenda and to promote the UK as an investment destination.

5. A bank that makes a positive contribution to its community and environment

We have never run Atom in isolation of our surroundings - we're not insulated from what's happening in the world outside the window. For example, we continue to invest behind our plan to become climate positive by 2035. In the last year we have delivered a further 5% reduction in operational emissions and a 43% reduction in our financed emissions (through a combination of policy changes and data quality improvements). Working with our partners Experian and Durham University, we have also published our convention challenging EPC reliability study.

We expanded our social investment initiatives in support of students from lower income families to the wider North East geography and we're working to develop wider and deeper relationships with North East universities and with local authorities. Naturally, we will look to build on the relationship we already have with Durham University.

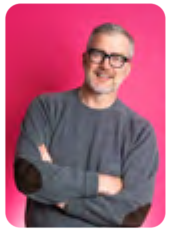
We are recent arrivals in Newcastle but looking ahead we want to play an active role in the economic, social and cultural life of this fantastic place.

A Platform for Sustainable Growth and Profitability

Over the last decade we have created a business that's fit to meet the challenges of the times in which we find ourselves. Repeatedly, it has been tested and tempered by crises and disruptions which show no sign of relenting. But in spite of the many reasons to fail, we have succeeded in building a growing, profitable and much-admired business.

Last year we lit the AI fuse, we moved the business to Newcastle, we renewed the connection between our IRB programme and our PRA supervisors, and we posted a double-digit RoTE. We know that we have a long road ahead but we never intended that our journey should end. We are determined now as ever we were to create something enduring and worthwhile for all of our stakeholders.

Let me thank my fellow board members, my leadership team and Atom colleagues, our shareholders and most of all, our customers for their support.



Mark Mullen
Chief Executive Officer
17 July 2026

FY26 milestones

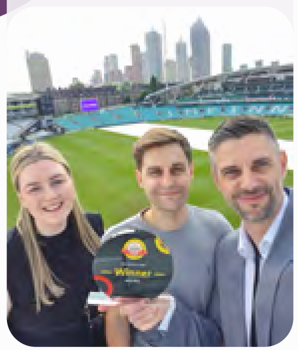
June 25

'Best Medium sized lender' at the L&G Awards

Balance sheet passed £10bn

July 25

What Mortgage Awards 'Best Online Lender' for the 8th time in a row



Sept 25

We moved to the Pattern Shop

Nov 25

Executed £50m AT1 capital transaction

Dec 25

Launched our first cash ISA

Certified as a Great Place to Work

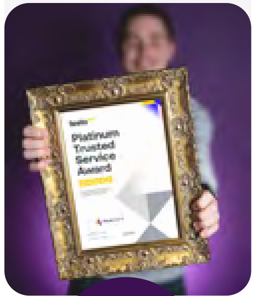
Great Place To Work. Certified NOV 2025-NOV 2026 UK

Jan 26

Passed £1bn of commercial mortgages

Jan 26

Awarded the Feefo Platinum Trusted Service Award

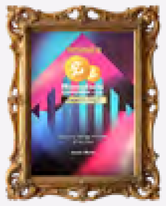


Feb 26

Seventh securitisation under the Elvet platform

Feb 26

Moneyfacts Compare 'App-only Savings Provider of the Year' winner



We remained the No.1 rated bank on Trustpilot 4.8

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Strategic Report

Business Model, Strategy and Performance

Marcus Mitchell

Director of Strategy

Atom's hyper-focused, digitally automated model creates a "virtuous cycle" of low costs, better customer pricing, and highly scalable growth

The Mission and Vision

Atom has built a simple, highly automated, and low-cost digital bank. The vision is to change banking for good by providing a faster, easier, and better-value alternative to the UK's legacy institutions. Atom exists to serve the distinct needs of homeowners, business owners, and savers —substantial and profitable markets where a technology-led model creates a clear competitive advantage.

What Atom does and Why

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

By focusing on these core segments, Atom avoids operational complexity and the high cost-to-serve associated with transactional current accounts or physical branch networks. The goal is to provide certainty and value to customers who have historically been underserved or overcharged by incumbent banks. In a market often weighted toward large banks with IRB permissions, Atom's targeted asset deployment allows us to remain highly competitive.

By providing necessary competitive tension through disciplined capital allocation and superior digital execution, Atom delivers better outcomes for the UK economy, resulting in a highly differentiated and sustainable franchise directly connected to the engine rooms of national growth and prosperity.

An Automated, Low-Cost Operating Model

Atom's business model relies on scaling at a pace that far outstrips its supporting cost base. By leveraging a digitally native platform, Atom can ensure that, as the bank acquires a high volume of new customers, the marginal cost to serve remains exceptionally low.

Today, 99% of Atom's savings customers open and fund their accounts without manual intervention, and the mortgage application-to-offer median time has been maintained at industry record speeds. This automation is not merely about speed; it creates the operational leverage required to offer more competitive pricing, which in turn fuels the Bank's virtuous cycle of growth.

Measuring Strategic Progress

Progress is assessed against five long-term strategic outcomes, which inform priorities and key performance indicators (KPIs):

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

Performance Highlights

Profitability

Net Interest Income grew by 8% to £110m, driven by loan book growth.

Operating Expenses increased 8% to £74m as the cost to asset ratio fell to 0.77% (FY25: 0.84%).
This reflects increased investment in the savings proposition and the brand. The employee reward proposition changed in FY26 from a share option to a cash basis, increasing operating expenses by £2m with a corresponding reduction in the share based payments charge. Removing the effect of this, staff costs increased by 3% due to National Insurance increases.

The impact of the Iran War drove higher credit impairment charges of £9m.
However, credit quality remains a hallmark of the Atom franchise, with very low levels of defaults and arrears (0.9% across the total portfolio). While the domestic outlook improved, the geopolitical volatility—specifically the conflict in Iran—necessitated a cautious approach, resulting in a higher Expected Credit Loss (ECL) provision to reflect potential secondary impacts on the UK economy.

£26M
Operating Profit
(FY25: £25m)

£9M
Profit Before Tax
(FY25: £5M)

£28M
Profit After Tax
(FY25: £17M)

Lending

Disciplined capital allocation, together with our automated and fast origination platform, saw the mortgage book grow by 8% to over £4.6bn.

A significant milestone was reached in FY26, with the organic secured business lending portfolio exceeding £1bn.
Completions of £0.4bn in the year was also a new record, helping to drive growth of 28% in the loan book whilst market average growth was relatively flat.

Funding and Capital

Atom's retail deposit base remains the primary source of funding. Total deposits grew by 11%, 3 times higher than the market average as customers responded to the combination of ease, speed, and value.
During FY26, Atom launched its first Cash ISA product and continued to optimise the deposit book through behaviouralisation modelling.

The Bank expanded its distribution by launching savings products through deposit platform partnerships.

Atom continues to diversify its funding through the Elvet Securitisation programme.

A major highlight in FY26 was Atom's first Additional Tier 1 (AT1) issuance.
This transaction was completed at excellent pricing, reflecting strong investor confidence.

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

As lending and deposit balances continue to grow, Net Interest Income has increased to £110m (FY25: £102m)

Net interest margin, calculated as NII divided by average total loans was 2.0% (FY25: 2.2%).

Total gross interest income of £513m (FY25: £443m) was driven by a growth in lending income to £324m (FY25: £310m). The loan book grew by 10% to £5.8bn, with a remarkable 28% growth in secured business lending taking the portfolio over the £1bn mark. Residential mortgages grew by 8%, with the mix of origination shifting into buy to let and near prime segments to drive increased returns.

Atom continued to maintain a substantial liquidity surplus to regulatory minimum which has allowed investment in higher yielding treasury assets, driving income of £64m (FY25: £39m).

Total interest expense increased to £403m (FY25: £341m) driven by higher interest costs on deposits, together with increased costs associated with wholesale funding facilities. Atom had £8.3bn (FY25: £7.5bn) of customer deposits, with growth largely driven by the new Cash ISA product and new savings products through Deposit Platform Partnerships.

Funding costs were higher this year due to a combination of pricing for new growth, particularly for Cash ISA and products through the Deposit Platform Partnership, as well as continued higher pricing in the Fixed Rate Deposits market. The impact of these external pricing headwinds was mitigated by increasing the number of products and expanding the number of markets Atom operates in.

£513M
Total Interest Income
(FY25: £443m)

£5.8BN
Total Loan Book
(FY25: £5.3bn)

£8.3BN
Customer Deposits
(FY25: £7.5bn)

£324M
Interest Earned on Loans
(FY25: £310m)

£403M
Total Interest Expense
(FY25: £341m)

Chris Storey

Chief Commercial Officer

Strategic Report

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

Credit impairment charges increased to £9m (FY25: £7m) due to the macroeconomic impact of the Iran war.

Although the macroeconomic outlook had improved throughout the period, with falling inflation and interest rates, the outbreak of war in Iran led to significant market volatility in March 2026. As a result, the macro-economic outlook became increasingly uncertain, with the impact of higher oil prices increasing the inflation and interest rate outlook.

This macroeconomic picture drove an increase in the provision coverage rate across the mortgage portfolio compared to FY25. However, Atom's high underwriting standards and focus on quality lending have meant the underlying mortgage book continues to perform well, with just 0.8% (FY25: 0.5%) of the portfolio in arrears or forbearance measures.

For BBSL, the proportion of loans in arrears and forbearance measures has remained at 0.6% (FY25: 0.6%). The coverage rate has fallen during the year as a result of the loan mix and staging. Government guarantee schemes account for 35% (FY25: 47%) of Atom's BBSL loan book.

The Business Banking Unsecured Lending (BBUL) portfolio continues to mature and pay down with a natural increase in the provision coverage rate, and the levels of arrears or forbearance to 5.5% (FY25: 3.1%).

As a result of the above, credit impairment charges of £9m (FY25: £7m) were recorded.

0.9%

of Loans in arrears or forbearance

(FY25: 0.7%)

	FY26		FY25	
	Provision Charge/(Credit)	**Coverage Rate**	**Provision Charge**	**Coverage Rate**
Mortgage	£2.0m	0.16%	£0.7m	0.13%
BBSL	(£0.3m)	0.24%	£0.4m	0.37%
BBUL	£7.7m	5.07%	£5.8m	3.59%
Total	**£9.4m**	**0.33%**	**£6.9m**	**0.33%**

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

Atom made investments to support key strategic activities, driving Operating Expenses of £74m (FY25:£69m).

Atom's digitally native model is built to be highly scalable, with cost efficiency at the heart of the strategy. This year the Bank balanced targeted investments with strict cost discipline, growing staff and administrative expenses by 8% to £74m. The growth in revenue, the balance sheet, and customer numbers continues to comfortably outpace this increase, driving an improvement in Atom's cost to asset ratio to 0.77% (FY25: 0.84%) and continuing to prove the efficiency embedded within the Bank's platform.

Staff costs increased by 9% to £40m, as average headcount grew from 544 to 560, predominantly within the technology team to improve savings capabilities. With these teams heavily engaged in delivering new products, an additional £1m in internal development costs was capitalised. The employee reward proposition changed in FY26 from a share option to a cash basis. This drove a bonus charge of £2m in FY26, with a corresponding reduction in the share based payments charge. Removing the impact of this, staff costs increased by 3% driven mainly by higher National Insurance rates.

Administrative and general expenses increased by 7% to £34m. This reflects increased marketing to support the savings proposition and launch of the Cash ISA, the higher running costs associated with the relocation to Atom's new state of the art headquarters, the Pattern Shop, and scaled technology infrastructure costs.

0.77%

Cost: Asset ratio

(FY25: 0.84%)

560

Headcount

(FY25: 544)

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

Atom has maintained strong capital ratios throughout the period

Atom continues to be capital generative and has maintained capital ratios higher than regulatory minimum and management buffers, while increasing risk weighted assets (RWAs) to £2.7bn (FY25: £2.4bn).

In November 2025 £50m Fixed Rate Reset Perpetual Additional Tier 1 Write Down Securities were issued. This has been used to accelerate balance sheet growth and to further scale the business.

The Prudential Regulation Authority (PRA) published the near-final Basel 3.1 rules in late 2024. The Bank is well positioned to accommodate the change, with some inflation in Pillar 1 risk weights as a result of changes to the lending pipeline rules and removal of the SME supporting factor. In keeping with the rest of the industry, the Bank awaits confirmation on the rebasing of the Pillar 2 requirements before the implementation on 1 January 2027.

Throughout FY26 Atom integrated these finalised capital requirements into its business planning.

13.3%
CET1
(FY25:14.9%)

16.9%
Total Capital Ratio
(FY25:17.0%)

£462M
Total available capital
(FY25: £405m)

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

Atom's mortgage portfolio continues to grow. It is underpinned by an automated and fast origination platform which positions the bank for scale

Mortgage Market Dynamics

The UK mortgage market demonstrated significant expansion over the past year. Gross mortgage lending reached £257bn, a 16% YoY increase, and the highest annual volume since 2021. Total outstanding balances have now reached £1.71tn.

While growth was broad-based, First-Time Buyer activity was the primary catalyst, representing nearly 60% of the net increase in loan volumes. This recovery was supported by an easing of regulations regarding Loan-to-Income flow limits and affordability stress-testing hurdles, which improved credit access. Despite this, affordability remains a considerable challenge for prospective buyers.

Credit performance continues to exceed expectations. Mortgages in arrears fell for the eighth consecutive quarter to 88,070 in Q1 2026.

The outlook remains positive as the Government's Home Buying Reforms aim to digitise the home-buying process and the FCA's Mortgage Rule Review will encourage innovation and bolster homeownership.

These changes align strongly to Atom's current strengths and strategic intent to fully automate and digitalise the mortgage process, making it faster and easier for customers and intermediary partners. This combination of a highly efficient mortgage origination platform, from both cost and capital perspectives, offers significant opportunities for growth and scale.

£4.6BN
Residential Mortgages
(FY25: £4.2bn) Growth of 8%

In FY26 mortgage lending at Atom increased by 8% to £4.6bn

During the financial year, Atom completed £0.9bn (FY25: £1.4bn) 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 four days across the residential mortgage range up to 95% Loan-to-Value (LTV). Loan completions include £166m of new buy-to-let lending via a partnership agreement, and £225m of Near-Prime residential mortgage lending including the new 90% LTV product. This lending has supplemented Atom's existing prime residential mortgage lending to drive increased returns overall.

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 LTV market segments without the additional capital requirements currently mandated under the standardised regime.

£0.9BN
Loan completions
(FY25: £1.4bn)

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

Atom continues to deliver for SMEs, bridging the confidence gap in the market by offering fast, reliable, and accessible capital when businesses need it most

SME Lending Market Dynamics

The UK SME lending market in 2025 saw gross bank lending increase by 9% to £68bn—its second-highest level in over a decade—although demand for long-term growth and investment remained subdued. Challenger and specialist banks have firmly cemented their position, continuing to account for 60% of gross SME bank lending. When combined with non-bank lenders, this alternative cohort now drives 68% of the overall market. This sustained dominance highlights a permanent shift in the competitive landscape, with these institutions maintaining prominence over traditional high-street banks in SME finance.

Despite the recovery in lending volumes, around half of smaller businesses continued to prioritise managing working capital and cash flow, suggesting a general focus on operational stability over expansion. Consequently, much of the recent lending activity has concentrated on flexible, short-term financial needs—such as credit cards and overdrafts—rather than long-term capital initiatives.

Access to finance continues to be a major hurdle for many SMEs, disproportionately affecting those led by underrepresented founders. These entrepreneurs frequently express a lack of confidence in navigating the financial landscape and finding the right funding partners, underscoring systemic inequalities that persist within the lending market.

£1.3BN
SME Lending
(FY25: £1.1bn). Growth of 15%.

£1.1BN
Business Banking Secured Lending (BBSL)
(FY25: £0.8bn)

£0.2BN
Business Banking Unsecured Lending (BBUL)
(FY25: £0.2bn)

BBSL

Atom has continued to grow its secured business lending franchise significantly, with balances increasing to £1.1bn (FY25: £0.8bn)

Atom originates business loans to SMEs secured on commercial property. This growth is fuelled by a commitment to delivering exceptional value and market-leading speed, evidenced by a transition to same-day agreements in principle and credit backed offers in under two weeks. By investing in enhanced digital tools for broker partners, the lending journey has been streamlined to ensure Atom remains a preferred partner for trading and investment SMEs seeking efficient and transparent funding. This portfolio has increased to £1.1bn (FY25: £0.8bn), with £365m of new lending.

£378m (35%) 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 a single claim against these schemes.

Retention of maturing loans has increased to 64% (FY25: 60%) following propositional, policy and process enhancements to the customer journey.

Following continued investment in refining and automating the application process, the time between loan application and agreement in principle in H2 FY26 was same day (FY25: 1 working day). The agreement in principle to offer time has remained at 7 working days (FY25:7 days).

BBUL

The BBUL loan book is £0.2bn (FY25: £0.2bn), as repayments have been offset by £94m of new lending and an acquisition of a £30m back book. 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.

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

Deposits continued to grow as a combination of ease, speed, and value make Atom the UK's most trusted bank for savings.

Deposit Market Dynamics

UK personal savings balances grew by 4.3% to £2.19tn in the 12 months to 31 March 2026. In the last five years, UK savings balances have increased by £0.49tn at a compound annual growth rate of 5.2%. The total growth of 28.8% over the period represents real growth of 0.2% when adjusting for inflation of 28.5%.

Analysis of the latest results of "Big Five" UK ringfenced banks and Nationwide, continue to show that they hold most of these balances, albeit their growth over the last 5 years of 15% demonstrates a structural loss of market share as consumers increasingly migrate to challenger banks and wealth platforms in search of fairer yields. In March 2026, the average quoted rate on instant access deposits was 2.13%, compared to the Bank of England's base rate of 3.75%. Over £300bn is held in accounts that pay no interest. The average Trustpilot score of the "Big Five" was 3.

Retail deposits at Atom have grown by 11% to £8.3bn, driven mainly by the increase in platform balances.

With 99% of customers opening and funding their savings accounts in minutes via the Atom app, Atom's commitment to a frictionless user experience is clear. This seamless blend of speed, simplicity, and value has driven strong growth in the savings book—outpacing the broader personal deposit market by nearly a factor of three. Coupled with an outstanding 4.8 Trustpilot score, these results cement Atom's position as the UK's most trusted bank for savings.

Atom released a variety of products through the deposit platform partnership during the year, driving balances of £1.2bn by the year end. Atom also released a Cash ISA product with balances of £300m held at the year end. The Instant Access Reward Saver, which debuted in September 2025, grew to a peak balance of £4.4bn during the year.

Most of the additional deposits have been used to fund lending growth, however some of the surplus has been used to purchase debt securities.

£3.6BN

Fixed Rate Saver (FRS) balances

(FY25: £4.4bn)

£0.3BN

Cash ISA balances

(FY25: £0bn)

£3.3BN

Instant Access Savings (IAS) balances

(FY25: £3.2bn)

£8.3BN

Total Deposits

(FY25: £7.5bn)
Growth of 11% vs Market Growth of 4%

£1.2BN

Deposit Platform Partnership balances

(FY25: £0bn)

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

Atom's diversified funding mix allows the bank to robustly manage liquidity and actively accelerate balance sheet growth

Maintaining a diversified mix of wholesale and retail funding is central to the Bank's liquidity risk management strategy. In February 2026, Atom issued £346m of debt securities to investors through Elvet 2026-1, Atom's seventh RMBS transaction. The issuance priced comparably to larger, more mature peers; a testament to the strong credit quality of the underlying mortgage book and Atom's long-established market presence as a regular issuer.

287%

LCR

(FY25: 480%)

The Liquidity Coverage Ratio (LCR) reflects our continuing success in growing the deposit book following the launch of our new Cash ISA product, and our robust liquidity risk management strategy. The year on year reduction is a result of deploying surplus liquidity into lending and a drive to optimise interest expense against the backdrop of higher deposit interest costs.

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

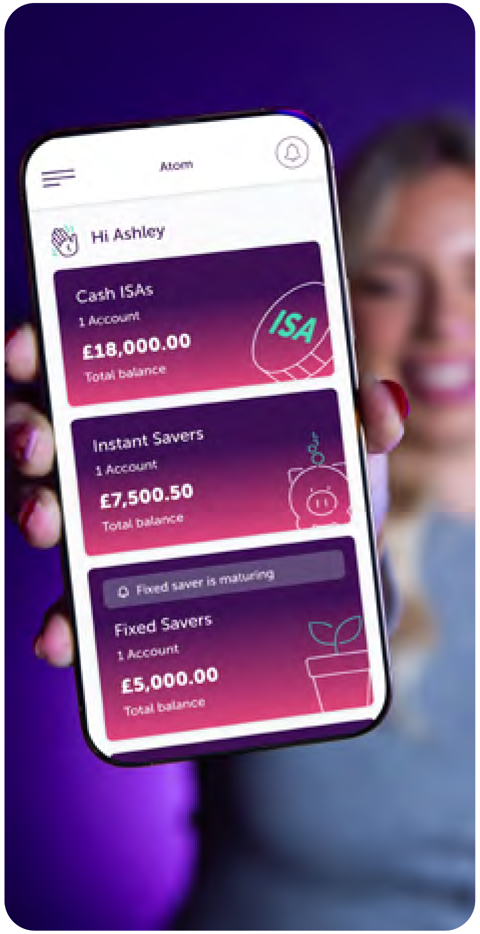
Atom’s business model is fundamentally customer centric.

Atom’s strategic imperative is to become one of the UK’s most recommended companies by making lending and saving faster, easier, and better value. Atom believes that by delivering on this promise, it creates a level of advocacy that sets it apart in a crowded market.

Atom’s Trustpilot rating serves as a vital indicator for this mission. Atom is the number one rated bank on the platform’, maintaining an exceptional rating of 4.8. This is bolstered by its post-purchase Net Promoter Score (NPS) of +87, which continues to outperform the industry and demonstrates deep customer loyalty. The Bank’s mobile-first approach remains a highlight for users, with all-time iOS and Android app store ratings sustained at 5 stars.

This commitment to excellence was recognised through several key industry accolades this year. Atom was honoured with the Feefo Platinum Trusted Service Award, a prestigious mark reserved for companies that maintain gold standards for three or more consecutive years. Furthermore, Atom was named App-Only Savings Provider of the Year at the Moneyfacts Compare Awards.

Efficiency remains Atom’s greatest differentiator. For mortgage customers, Atom has maintained a market-leading 4-day application-to-offer timeframe. This speed, combined with higher completion rates on Business Banking Secured Lending than the industry average, proves that the bank’s automated processes deliver tangible results. As its customer base has grown to 304,000, Atom continues to prove that banking can be both technologically advanced and human-centric, providing a seamless experience that Atom’s customers are proud to recommend.



4.9/5
iOS Rating
Average of reviews during the year
(FY25: 4.9/5)

4.8/5
Android Rating
Average of reviews during the year
(FY25: 4.8/5)

Strategic outcome: 1 2 **3** 4 5

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

The Atom team are fundamental to achieving the bank's strategic vision.

Culture is the foundation of Atom's ambition to scale and change banking for good. In FY26, this commitment was formally validated as Atom Bank plc officially achieved Great Place to Work® Certification, ranking 31st on the Large Organisations list. This recognition is a testament to the community Atom has built, underpinned by a Trust Index of 82% and an Engagement Score of 84%.

Atom's relocation to the Pattern Shop in Newcastle City Centre represents a significant commitment to the North East and to its people. Now complete, the new headquarters serve as a modern, flexible and collaborative environment that supports the hybrid working model.

Parallel to this physical investment, Atom has integrated the use of Generative AI across the enterprise. By extending AI tools to all employees, Atom is increasing operational leverage while empowering its people to focus on higher-value work.

Atom continues to lead the industry in flexibility through the four-day working week, which remains a cornerstone of the Employee Value Proposition and a primary driver of Atom's low attrition rates. This year also marked a milestone in Atom's reward strategy with the payment of the first annual cash bonus to employees, directly linking individual performance to the Bank's collective success.

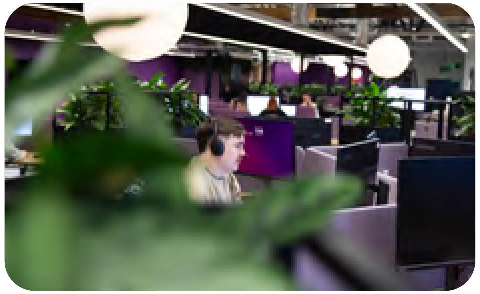
Further supporting its people, Atom launched enhanced family leave policies in October, increasing maternity leave to six months at full pay and paternity leave to six weeks at full pay. These improvements underscore Atom's dedication to empowering its people to balance career excellence with family responsibilities.

Atom is committed to fostering a culture of continuous growth. In FY26, 21 internal promotions and 33 secondments were supported, reflecting the focus on career mobility. Atom's leadership capability continues to grow, with 37 coaches now trained through the Level 2 and Level 3 programmes.

Atom also remained focused on the next generation of talent. Over the year, Atom has maintained an average of 20 learners on apprenticeship programme, with nine successful completions. And in October, seven graduates across Technology, Finance, and Business rotations were welcomed into the business.

Diversity remains a strategic priority. The Atom Women's Network continues to foster inclusion through a successful mentoring programme, development workshops, and the appointment of a male allyship lead. Externally, Atom co-founded the North East Women in Business Network and partnered with Durham University to inspire young women to pursue Fintech careers. Building on this momentum, focus for the coming year is to expand these partnerships to Newcastle-based universities and further evolve Atom's allyship strategy.

Whilst Atom celebrates the status as one of the UK's best places to work, focus remains on the feedback from the Great Place To Work survey to ensure Atom remains a place where every colleague can thrive.



Strategic outcome: 1 2 3 **4** 5

To achieve excellence in both our governance and culture

Atom’s governance framework is built on a foundation of proactive risk management, ensuring clear ownership and thorough execution.

At Atom, risk management is a strategic enabler that safeguards its assets and facilitates sustainable growth. The framework integrates risk insights directly into core decision-making, ensuring resilience in volatile markets while Atom pursues long-term objectives. This robust risk culture underpins Atom’s strategic transition toward becoming an IRB bank, ensuring that its advanced capital and credit modelling capabilities are built upon a foundation of high-quality governance and proven operational resilience.

The Board maintains a robust risk architecture, overseen by the Board Risk Committee (BRC), which delegates executive duties to ensure agile, top-down oversight. This is complemented by a Risk function that proactively partners with the business to mitigate exposures across all existing and new strategic initiatives, ensuring Atom and its customers remain protected.

The Approach and Principles:

Atom’s commitment to transparent disclosure and rigorous oversight ensures that the bank is well-positioned to navigate emerging challenges while capitalising on commercial opportunities.

Enterprise Risk Management Framework (ERMF):

Atom operates under a comprehensive ERMF, the architectural backbone for the identification, assessment, and monitoring of the profile of risks. It ensures a consistent, disciplined approach to reporting and oversight across all business units.

Risk Appetite & Strategy:

The Board-approved Risk Appetite Statement (RAS) defines the parameters within which Atom operates. This ensures that Atom’s strategic ambitions are consistently balanced against its financial strength and operational capacity.

Integrated Governance:

Risk management is embedded at every level of the hierarchy. By aligning individual accountabilities with the broader risk principles, Atom ensures that every employee acts as a steward of organisational value.

Proactive Mitigation:

Early identification of risks is prioritised. Through rigorous stress testing and scenario analysis, potential threats are transformed into manageable variables, allowing for appropriate actions to be taken.

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

Three lines of defence

Atom employs a disciplined Three Lines of Defence model to ensure a clear separation between risk-taking, oversight, and independent assurance:

01

First line of defence

Owns and manages risk. Business units are responsible for identifying and mitigating risks within their daily operations, ensuring controls are embedded at the point of origin.

02

Second line of defence

Provides independent challenge and oversight. This function monitors ERMF adherence, evaluates First Line execution, and reports risk performance against Appetite to the Board and relevant committees.

03

Third line of defence

Provides objective assurance. Internal Audit evaluates the adequacy and effectiveness of both First- and Second-Line activities, ensuring alignment with regulatory standards and internal governance.

“Atom’s risk framework is dynamic, not static. By embedding robust controls into daily workflows, Atom remains resilient under pressure and strategically positioned to capitalise on new opportunities”

Rachael Mclauchlan

Head of Operational Risk

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Strategic outcome: 1 2 3 **4** 5

To achieve excellence in both our governance and culture

Key Risk Activities & Processes

Atom maintains a suite of integrated processes designed to ensure strategic objectives are met within the Bank's defined risk appetite. These activities ensure consistency in risk execution across both legacy operations and new commercial initiatives.

Risk Identification and Integrated Management

Atom employs an embedded, data-driven approach to ensure continuous risk identification and transparent reporting. Utilising a standardised toolkit, including Risk and Control Self-Assessments (RCSA) and Risk Event Reporting, operational data is transformed into actionable insights that reinforce the control environment. This is complemented by a horizon-scanning process to identify emerging risks. By assessing the velocity and potential impact of these threats early, a proactive strategic response can be implemented before they transition into key risks.

Stress Testing & Strategic Scenario Analysis

Sophisticated stress testing and scenario analysis is employed to evaluate Atom's resilience against extreme but plausible events. This includes simulating shocks to capital, liquidity, and operational continuity.

Financial Resilience

The Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) ensure Atom maintains robust buffers to navigate severe macroeconomic volatility.

Operational Agility

Scenario planning identifies potential vulnerabilities in Atom's infrastructure, allowing us to refine disaster recovery and crisis management protocols well ahead of any realised threat.

Risk Assurance & Compliance

The Second Line executes a targeted, risk-based assurance programme. Through thematic reviews, the Bank validates compliance with its policy framework and regulatory mandates. A Compliance Monitoring Plan prioritises customer outcome testing, ensuring full adherence to Consumer Duty standards. This rigorous focus reinforces Atom's commitment to fair treatment and sustains long-term stakeholder trust.

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

Principal risks

Principal risks are those with the potential to materially impact Atom's strategic execution, financial resilience, 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.	• Atom operates a dynamic planning cycle enabling rebalancing of lending allocation based on real-time NIM analysis and macroeconomic shifts. Atom's structurally efficient, App-based model maintains a decisive cost advantage over legacy incumbents. Execution is governed by the Strategy & Change Committee, which monitors roadmap performance to ensure delivery remains responsive to volatility and aligned with long-term value creation.
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 is managed via a rigorous Stress Testing Framework, the annual ICAAP, and forward-looking projections incorporating Basel 3.1 impacts. RWA density is optimised through targeted, capital-efficient lending. Resilience is bolstered by a Recovery and Capital Contingency Plan with predefined triggers and a diversified capital-raising strategy to maintain robust buffers above regulatory minima.
Conduct Risk The risk that the Bank's behaviour fails to deliver good outcomes for 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.	• Conduct risk is mitigated through a customer-centric framework that embeds the FCA's Consumer Duty standards into every stage of the product lifecycle. Performance is tracked via a suite of Customer Outcome Metrics, which are reviewed by the Board to ensure Atom's culture and commercial decisions remain aligned with the long-term interests of customers and stakeholders.
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.	• Governed by a disciplined Risk Appetite Framework, Atom utilises analytics and stress testing to monitor affordability and migration across Residential, Near Prime and SME portfolios. The Credit Committee provides monthly oversight of performance and macro trends to adjust lending parameters proactively.
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.	• Governed by a dedicated framework with Board oversight, physical and transition risks are assessed via scenario modelling, integrating climate metrics into credit appetite. There is a focus on enhancing Scope 3 accuracy through actual energy-usage data. Operational footprints are managed via science-based reduction targets and verified sequestration projects.
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.	• Managed through the ILAAP and intra-day monitoring tools, HQLA buffers are maintained significantly above regulatory requirements. Atom's funding strategy prioritises a granular retail deposit base to reduce concentration risk. Automated early-warning indicators enable rapid execution of the bank's Contingency Funding Plan, safeguarding Atom's liquidity position and NSFR in all conditions.
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, primarily IRRBB, is controlled via Board-approved policy mandates and strict sensitivity limits (EVE and EaR). The Bank utilises natural balance sheet offsets and derivative hedging (interest rate swaps) to stabilise earnings. Treasury performs daily stress testing of Basis Risk and PV01 exposures to ensure fluctuations remain within ICAAP-defined capital buffers.

Continued...

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

Principal risks (continued)

Risk	Key Mitigation
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.	• Independent Model Validation (IMV) rigorously tests model performance, assumptions, and data integrity before deployment. A 'Model Inventory' is subject to ongoing monitoring for performance drift and bias. Quarterly reporting to the Model Governance Committee ensures that remediation plans are prioritised and that outputs remain within Board-approved risk boundaries.
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.	• A robust control environment is embedded across people, technology, and data, underpinned by a RCSA lifecycle that identifies gaps for remediation. This is supplemented by KRI monitoring and a rigorous Third-Party Risk Management programme. Atom's operational resilience framework ensures the continuity of Important Business Services, minimising customer disruption during incidents.
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.	• Regulatory risk is managed through a comprehensive Horizon Scanning framework that ensures the early identification and integration of legislative changes. Atom maintains an open, proactive dialogue with the PRA and FCA, supported by a robust 'Three Lines of Defence' model. Atom's compliance is bolstered by a 'Privacy-by-Design' architecture, ensuring that fair customer outcomes and data protection are embedded within decisioning processes.

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

Key emerging risks

Atom maintains a dynamic Key and Emerging Risk Register to provide forward-looking oversight of threats to the bank's strategic objectives.

By mapping these risks to Atom's Principal Risk Framework, it is ensured that business planning and stress-testing are informed by real-time intelligence, aligning operational resilience with the bank's long-term growth strategy.

Cyber Resilience & Technology Integrity:
The escalating sophistication and volume of external cyber threats, including ransomware, data breaches, and AI-enabled vectors, risk disrupting critical digital infrastructure. As a digitally native institution, this threat landscape is treated as a core component of Operational Resilience, continuously maturing the bank's security architecture and cross-cloud redundancy to protect customer data, ensure uninterrupted service delivery, and preserve the integrity of Atom's model.

Funding & Liquidity Management:
Heightened macroeconomic volatility and intense retail deposit market competition create volatility in the Cost of Funds, risking NIM compression as Atom scales its balance sheet. Atom utilises a disciplined Asset and Liability Management (ALM) strategy to manage this growth, focusing on optimising NIM through pricing agility and diversified liquidity sourcing to ensure funding expansion safely supports lending growth.

Strategic Growth & Capital Self-Sufficiency:
Inability to optimise or efficiently recycle capital amid shifting market conditions risks limiting organic growth capacity or diluting returns on equity. Atom remains focused on capital self-sufficiency, leveraging the efficient recycling of organic earnings and the Bank's optimised AT1 and Tier 2 capital stack. This disciplined focus on RWA efficiency prioritises high-margin, capital-light lending, maximising the Bank's organic capacity to drive sustainable growth.

Macroeconomic & Credit Risk:
Persistent inflationary pressures, domestic policy shifts, and global geopolitical volatility create downside economic uncertainty, risking compressed consumer affordability and elevated credit default rates. Atom proactively manages asset quality and capital preservation through macro-fiscal transitions by integrating real-time economic data directly into the bank's Risk Appetite and IFRS9 frameworks to defend Atom's high-quality lending book.

Regulatory Capital Transition:
Managing the timelines for key regulatory milestones, specifically our IRB application roadmap and Basel 3.1 transition, is central to our capital planning. Management utilises structured project delivery frameworks and maintains proactive, ongoing engagement with the PRA to effectively manage these transitions and support Atom's long-term growth trajectory.

Responsible AI Innovation:
Rapid, ungoverned deployment of advanced automated solutions risks introducing algorithmic bias, model validation failures, data privacy breaches, or non-compliance with evolving AI regulations. Atom proactively balances rapid automation with a rigorous AI Governance Framework. Supported by the cross-functional Automation, Data, AI, and Platform Teams (ADAPT), it is ensured that all AI solutions undergo stringent validation, fostering a culture of responsible innovation that protects customer trust and ensures regulatory compliance.

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

Atom's governance structure drives disciplined risk management through clearly defined, organisation-wide accountabilities

Atom continues to recognise the important role of effective corporate governance as a cornerstone for maintaining not only the integrity and stability of the Bank but also for fostering confidence within the wider community in which it operates. This commitment to sound governance is fundamental to Atom's long-term success and sustainability.

The success and resilience of the Bank are critically dependent on a robust and comprehensive framework. This framework comprises effective systems of internal control, proactive risk management strategies, and a rigorous compliance culture to ensure adherence with all applicable regulatory requirements and industry best practices. Crucially, Atom acknowledges that effective governance is not a function achieved in isolation by one single committee or forum. Instead, it is the product of a holistic and well-defined framework that instils clear lines of accountability across all levels of the organisation. This structure is specifically designed to support robust, well-informed, and timely decision-making, ensuring that the Bank can navigate complex challenges and capitalise on opportunities responsibly.

To ensure this clarity and effectiveness, the Atom governance structure is divided into three key, inter-related categories:

Board Committees:

These are high-level committees established by and reporting directly to the Board. Their purpose is to assist the Board in discharging its oversight responsibilities in critical areas such as audit, risk, nomination, and remuneration. They play a vital role in challenging and scrutinising the executive management's performance and strategy.

Executive Committees:

These committees are comprised of senior management and are responsible for the day-to-day operational management, execution of strategy, and managing the Bank's business activities within the risk appetite set by the Board.

Supporting Forums, Steering Committees and Working Groups:

This network of bodies underpins the primary committees, focussing on specific technical areas, projects, or ongoing operational tasks.

This tiered and interconnected structure ensures a cascade of accountability, clear delegation of authority, and consistent monitoring of all key aspects of the Bank's operations and strategic direction.

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

Board and Committee hierarchy

Reporting lines
- ERC has a parallel reporting line into Board Risk Committee
- Product Boards have a parallel reporting line into StratCo

There are additional sub-committees, steering committees and working groups that provide expert support to each of the committees shown here.

Board
Determines strategic aims, objectives and policies and monitors progress towards their achievement

BAC
Board Audit Committee

Oversees financial reporting, the system of internal control, and the audit process.

BRC
Board Risk Committee

Oversees Atom's Risk Frameworks and monitors the risk profile of the bank.

ExCo
Executive Committee

Monitors the performance of the business against strategy and objectives.

NomCo
Nominations Committee

Leads the process for appointments and oversees the development of succession plans for both Director and Executive positions.

RemCo
Remuneration Committee

Determines employee remuneration and reviews associated policies.

StratCo
Strategy Committee

Sets the corporate strategy and ensures that resources are focused on initiatives that support delivery of the strategic priorities.

ComCo
Commercial Committee

Provides the link between product strategy development and execution. Provides control and oversight in relation to Commercial activities.

ERC
Executive Risk Committee

Provides control and oversight in relation to the risk categories as defined within the Enterprise Risk Management Framework.

ALCo
Asset & Liability Committee

Provides challenge and debate on the Financial Risk Management Framework and oversees assets and liability management.

CO&SC
Customer Outcomes & Servicing Committee

Oversees the implementation of service initiatives for our customers and intermediary partners to ensure Atom is providing good outcomes for customers.

PF
People Forum

Monitors employee matters and ensures the collective team is equipped to deliver its strategy and objectives

TDA
Technical Design Authority

Agrees the technical architecture of the bank and ensures alignment to strategy and policy

Product Board
Steering Committees

Drives product and proposition performance, delivery, and control.

NFRC
Non-Financial Risk Committee

Provides control and oversight in relation to conduct, compliance, operational and reputational risks.

CredCo
Credit Committee

Oversees the Retail Credit Risk and Wholesale Credit Risk Frameworks and has a mandate to approve large loans.

MRC
Model Risk Committee

Provides oversight and challenge to the design, development, validation, implementation, use, ongoing performance and monitoring of all models.

ORTC
Operational Resilience & TPRM Committee

Monitors the performance of Atom's Important Business Services and oversees actions to address potential vulnerabilities to Atom's resilience.

AISC
Artificial Intelligence Steering Committee

Monitors the performance of AI use cases and ensures that AI risks are being appropriately managed

SSC
Security Steering Committee

Monitors the performance of security controls and ensures that security risks are being appropriately managed

DGSC
Data Governance Steering Committee

Monitors the use of data and ensures that the associated risks are being appropriately managed

IFRS9SC
IFRS9 Steering Committee

Provides control and oversight in relation to bad debt provisions.

IRBSC
IRB Steering Committee

Provides control and oversight in relation to risk weighted assets and capital requirements calculated by the Bank's IRB models.

FMAC
Financial Model Assumptions Committee

Monitors the financial model assumptions against limits as defined by ALCo.

QMRF
Quarterly Model Review Forum

Monitors and resolves issues relating to our credit models.

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

Mark Mullen
Executive Director and Chief Executive Officer

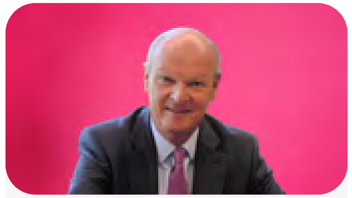
Andrew Marshall
Executive Director and Chief Financial Officer

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

Cheryl Millington
Non-Executive Director and Chair of Remuneration Committee

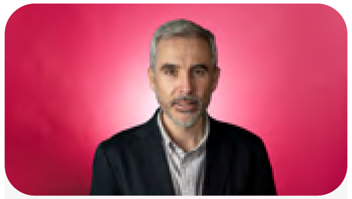
Christine Coe
Non-Executive Director and Chair of Board Risk Committee

Catherine English
Non-Executive Director (appointed 5 February 2026)



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

Board of Directors (continued)

Board Effectiveness Review

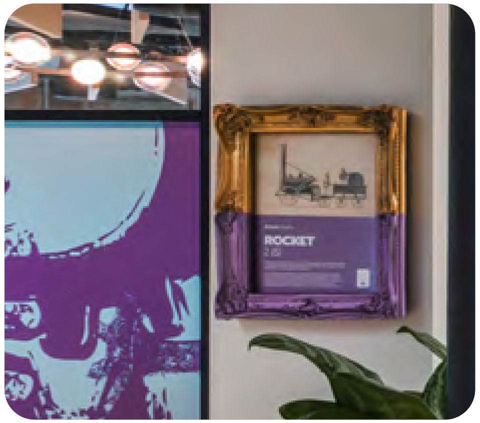
Following an externally facilitated effectiveness review in FY24, the Board undertook an internal effectiveness review in FY25. A report outlining the results was presented to the Board for review and discussion in April 2026. The report reflected upon progress made following the external review and noted that overall, the Board continues to operate effectively. The report highlighted a number of areas to consider further in the coming year. Another internally facilitated review is due to be undertaken in the second half of 2026.

Board Strategy Day

The Board meets annually to focus on strategic matters. This includes perspectives from external parties and advisors. In November 2025 the Board met to review progress against the strategy and discussed opportunities in lending and deposit markets and the trends in AI. The Board debated these matters and provided input that helped shape the detailed budgeting and long term business plan refresh.

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.



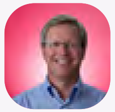
Strategic outcome: 1 2 3 **4** 5 | To achieve excellence in both our governance and culture

Board of Directors (continued)

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)



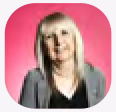
Chair:
David Roper

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)



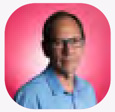
Chair:
Christine Coe

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
- Catherine English

Nominations Committee (NomCo)



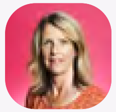
Chair:
Lee Rochford

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

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

Board of Directors (continued)

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

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 People Officer

Helen is responsible for delivering Atom's People Strategy. She has more than 32 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, and being the COO for five years, before being appointed to the CPO role in June 2026.

Showing: 1 to 3 /9

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

Board of Directors (continued)

The Executive Committee (continued)

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 has a proven track record in risk management, risk culture and leadership.

Katie Swanson
Chief Operating Officer

Katie was appointed as Chief Operating Officer in June 2026. She is responsible for leading Atom's customer operations teams to deliver outstanding customer service. Katie has over 20 years' experience in banking and was previously Chief Audit Executive (since 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.

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.

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

Board of Directors (continued)

The Executive Committee (continued)

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 public relations.

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.

Charlotte Thornton
Chief Audit Executive

Charlotte was appointed as Chief Audit Executive in June 2026. Charlotte has extensive experience in financial services and risk governance. Before becoming our Chief Audit Executive, she led the internal audit team here at Atom bank. Charlotte is a Chartered Accountant with specialist risk and audit credentials from ISACA and the CIIA. She delivered transformational change audits whilst at RSA, as well as financial services external audit and securitisation work whilst at KPMG. She has a proven track record of driving transformational change, managing senior stakeholder relationships and ensuring compliance within highly regulated environments.

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

Atom remains steadfast in its commitment to a sustainable future.

Atom's target to become climate positive from 2035 is the most ambitious in the UK banking sector, involving the removal of more carbon from the atmosphere than Atom emits through its operations and lending. By pushing beyond the UK's 2050 mandate in both scope and speed, Atom is demonstrating its dedication to the planet and the communities it serves.

Atom has a clear plan for achieving its emission reduction targets, led by its 'measure, reduce, substitute, invest' strategy. Each component is continually revisited to identify new insights and opportunities for emission reduction.

To track progress against this strategy, Atom measured itself against two key company scorecard metrics in FY26:

- Reduce the carbon intensity of organic lending by 5%, 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 strategic imperatives and are used to determine variable pay for all employees.

The carbon intensity target was exceeded in FY26, with a total reduction of over 20% across Atom originated lending (and a 43% reduction across all financed emissions, including those originated via third party partners). This significant reduction was driven in large part by improvements to data quality and methodologies, as well as positive policy and propositional changes in the Atom originated book.

Atom fell slightly short of the natural capital target in FY26 but was proud to have successfully provided finance to 80ha of natural capital projects that are together responsible for unlocking the development of 2,400 new homes.

The following KPIs are used to record progress against the bank's 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 and 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 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

Operational emissions

Atom's business model is inherently efficient and its operational activity generates relatively low quantities of carbon emissions. Atom is delighted that, in FY26, total emissions declined, despite growth in headcount. Operational emissions per FTE also reduced by 5.3%, meeting the 5% year-on-year reduction target (FY26: 0.90tCO2e, FY25: 0.95tCO2e).

This reduction was driven in large part by the relocation of Atom's headquarters to a new, sustainable office in 2025. The Pattern Shop is fully powered by renewable electricity and features PV panels and air source heat pumps, ensuring scope 2 emissions remained at zero for FY26. The move to the Pattern Shop also supported a significant reduction in commuting-related emissions, with more colleagues now commuting via train. Combustion based modes of transport accounted for 38% of Atom's collective commuting distance in FY26, down from 63% in FY25.

*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 2025 Sustainability Report.]

Metric	FY26	FY25
Scope 1 Emissions (tCO2e)	9.06	21.06
Scope 2 (Market-based) Emissions (tCO2e)	-	-
Scope 3 Emissions* (tCO2e)	498.01	494.04
Total Operational Emissions* (tCO2e)	507.07	515.10
Intensity Ratio Total Operational Emissions* (tCO2e/FTE)	0.90	0.95
UK Energy Use (kWh) (Electricity, Heating, Expensed Mileage)	532,243	539,365

Operational emissions reduced

5.3%

(FY26: 0.90tCO2e, FY25: 0.95tCO2e)

Combustion based modes of transport reduced to 38% of Atom's collective commuting distance

(FY25: 63%)

Scope 2 emissions remained at zero

(The Pattern Shop is fully powered by renewable electricity)

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

Financed emissions

Atom remains committed to measuring and disclosing the emissions from its lending. Models that use EPC certificates and broad economic activity codes to estimate energy use are widely used by banks to report financed emissions. These approaches are constantly being improved, but the outputs are estimates and until real energy use data is routinely available the figures in this section should be treated with caution. This is especially true for unsecured loans, where the data continues to be of particularly poor quality.

Atom is committed to improving the quality of its financed emissions data given its importance in helping customers to decarbonise and tracking Atom's progress to climate positivity. In 2025, Atom published a research paper in collaboration with Experian and Durham University which concluded that EPC-based models might be over-stating financed emissions from Atom's mortgage book by up to 50%. Since the publication of this paper, Atom has continued to advocate for improved data quality using metered energy consumption data.

Residential Mortgages

Atom continues to provide its residential mortgage customers and any member of the public with access to a free retrofit explorer tool, hosted on the Atom website, which provides a costed estimate of measures available to them that may increase their property's energy efficiency.

Business lending

Atom has made positive policy and propositional changes in the past year to decrease the carbon intensity of its business lending, including the introduction of a "Better Buildings" discount for high quality commercial properties and the provision of financing to support natural capital projects. Atom also continues to operate a "Climate Change Sector" list, which restricts lending to sectors that pose a material risk in either transitional or environmental terms. Lending in these sectors (which include amongst other things: oil, gas, mining and primary form plastics) is prohibited.

Metric	Residential Mortgages		Secured Business Lending		Buy to Let Mortgages		Unsecured Business Lending	
	FY26	FY25	FY26	FY25	FY26	FY25	FY26	FY25
Financed Emissions (tCO2e)	**37,178**	33,293	**29,600***	39,305	**8,371**	6,388	**125,892**	235,381
Carbon Intensity (tCO2e/£m)**	**10.96**	11.1	**29.8**	50.1	**8.7**	8.0	**517.0**	644.3
PCAF Data Quality Score	**3.0**	3.0	**3.2**	3.1	**2.9**	2.9	**4.0**	4.0

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.

*The Partnership for Carbon Accounting Financials (PCAF) recently made changes to their methodology that means that this year's data for secured business lending is not directly comparable to figures produced previously.

**Carbon intensity is calculated by dividing total financed emissions by total lending. 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.

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

Climate risk

Prudent risk management is central to Atom's mission, and this extends to climate-related risks. Following the release of SS5/25, Atom commenced work to ensure the Bank's disclosures and risk management processes align to the new, more rigorous requirements and expectations from the regulators. This work will continue into FY27.

Governance

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.

Physical Risk

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 lower than the national average, with the distribution of properties by risk band mirroring the national picture. Benchmark data is more difficult to source for commercial mortgages; however, the Bank obtains flood risk data on every property in the loan book to quantify the risk exposure. 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.

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

Transition Risk

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 longer 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 (for example, through the introduction of a "Better Buildings" commercial mortgage discount in FY26).

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.

Financial impact

The impact of climate-related risks and opportunities on the Bank's financial position is measured through scenario analyses, notably through the assessment of the lending portfolio which has been assessed as low risk overall. Further considerations are being reviewed in line with improvements to data availability. Currently, macroeconomic impacts from climate modelling (e.g. late action scenarios) are more likely to impact the business than direct climate related risks.

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

Atom and the community

Access and opportunity for young people

Atom's social investment strategy focuses primarily on creating new, high-quality opportunities for young people as they make the transition from post-16 education into work or higher and further education. Atom focuses its investments and energy particularly on young people from under-represented backgrounds living in or coming to study in the North East of England. These initiatives aim to open doors to great career pathways, including, but not exclusively, with Atom.

The strategy incorporates several flagship social investment initiatives, including:

Atom Futures Fund: provides financial support for care-experienced students, young carers, or those eligible for Free School Meals in North East state schools with the intention of increasing attendance at any of the UK's research intensive "Russell Group" universities. Last year, this fund supported 27 students from County Durham to apply to and attend a Russell Group University. From FY27 Atom is making this initiative available to a wider group of students from across the North East region.

Smart Futures work experience programme: Atom collaborates with the EY Foundation on a work experience programme for Year 12 students in the North East who are eligible for Free School Meals. Atom expanded its fully funded places from 6 to 8 in FY26, providing the students with exposure to the future of knowledge intensive service sector businesses.

Women in Technology Scholarships: each academic year, Atom funds two Women in Technology Scholarships for women from low-income backgrounds to study computer science at Durham University. In addition to three years of financial support the students have a dedicated mentor and are offered an internship with the Bank.

Durham Maths School: In FY26, Atom reaffirmed its commitment to supporting the Durham Maths School, a new state funded sixth form school which promises to offer access to a first-class STEM education to up to 75 North East students per year from opening.

Strategic outcome: 1 2 3 4 **5**

To make a positive contribution to our community and to our environment

Supporting a prosperous North East

In addition to fostering opportunities for disadvantaged young people, Atom is dedicated to driving broader economic growth and long-term prosperity in the North East. In FY26, Atom continued to sponsor the Celebration of Enterprise for Durham University's long-running student venture initiative and the Bank's new HQ building in Newcastle hosted roundtables and forums for industry leaders, financiers and policymakers. Atom is committed to enabling dialogue and engagement for those involved in creating a more competitive landscape for innovative and diverse businesses in the North East.

Atom is particularly proud to have co-founded the North East Women in Business Network during FY26, a community-focused network that aims to empower women in business across the region.

Empowering financial futures through lending activity

Atom's lending strategy remains a powerful engine for supporting positive social mobility and community resilience. In FY26, Atom continued to lower the barriers to homeownership, with 43% of new residential lending supporting first-time buyers in securing their first homes. Beyond initial entry into the market, Atom is committed to the long-term financial health of its borrowers. By providing a clear pathway for customers with evolving credit profiles, Atom successfully transitioned 29% of maturing near-prime borrowers onto prime deals this year, helping those with minor credit issues reduce their borrowing costs and strengthen their financial stability.

This positive impact extends to the Bank's commercial secured lending, where Atom has developed a significant specialism in the health and social care sectors. It continues to be the largest individual sector of support, accounting for approximately 14% of all new lending in FY26 by value. By providing financing to these critical industries, Atom's capital flows directly into the heart of the UK's social and community infrastructure.

Directors' Report

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Directors' Report

Mark Mullen

Chief Executive Officer

S172 Statement

People

Atom's people remain the driving force behind its mission of changing banking for good. Their contribution and impact are fundamental to our growth, and we continue to prioritise a culture that fosters high performance and openness.

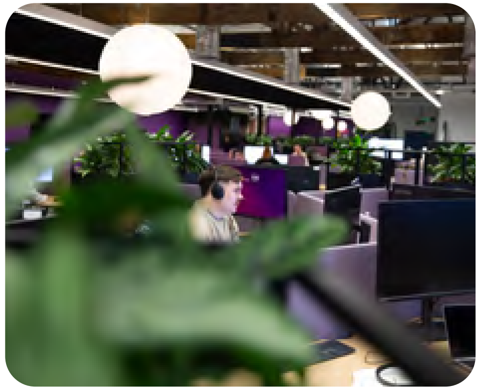
Atom's people are a primary stakeholder. Atom supports a market-leading Employee Value Proposition by operating in a hybrid working environment, combined with a standard four-day working week that empowers colleagues to work where they are most productive.

Atom maintains an open dialogue through monthly performance updates and quarterly "Up 'n' Atom" events. These events provide a platform for recognition and celebration, ensuring that individual and team successes are shared across the Bank, and that everyone remains aligned with the Bank's strategic goals.

To strengthen the connection between the Board and Atom's people, Cheryl Millington serves as the Board Employee Engagement Champion. This role ensures employee voices are heard directly by the Board via the People Forum, which facilitates transparent discussion on key issues before decisions are finalised. A key example of this in FY26 was the refresh of the annual reward framework. In direct response to employee engagement and feedback, the Board approved a pivot from an equity-based scheme to a cash-based bonus scheme to better align with Atom's people and incentivise high performance.

Culture is the foundation of Atom's ambition to scale and change banking for good. In FY26, this commitment was formally validated as Atom bank officially achieved Great Place to Work Certification, ranking 31st on the Large Organisations list.

The Board receives regular insights into organisational culture and colleague engagement through formal surveys and pulse updates. These metrics enable us to proactively manage risk culture and refine the employee value proposition.



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Customers

Delivering Outcomes and Elevating the Experience

Atom's strategic imperative is to become one of the UK's most recommended companies by delivering faster, easier, and better value banking. Central to this mission is Atom's Voice of the Customer (VoC) program, which leverages multi-channel feedback to ensure the Bank's product and service design remains truly customer centric service improvements that directly enhance the customer experience.

By listening to users across every touchpoint, capturing both prompted and unprompted sentiment through Trustpilot, app stores, direct surveys, complaints, and contact demand, the Bank uses raw data to drive practical improvements to our customer service.

Atom's commitment to Consumer Duty is embedded in its DNA. Atom conducts rigorous annual product reviews to ensure offerings consistently deliver fair value and meet the evolving needs of the Bank's 304,000 customers. This data-driven approach allows us to monitor and measure customer outcomes in real-time, ensuring that app-only efficiency never comes at the expense of quality or clarity.

Recognising the ongoing economic pressures, Atom has prioritised proactive customer support. Atom has advanced its financial care framework to support those facing economic hardship, providing empathetic guidance and flexible solutions before challenges escalate.

This focus on outcomes is reflected in the Bank's sustained performance metrics. Atom remains the number one rated bank on Trustpilot with a 4.8 rating, supported by a record-high NPS of +87. By bridging the gap between innovative technology and human-centric care, Atom ensures that every enhancement, is designed to help customers thrive in an ever-changing financial landscape.

Regulator

Atom is regulated by both the PRA and FCA and is supervised by the PRA. Atom maintains open and transparent relationships with the regulators which are 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:

- working towards compliance with the Basel 3.1 regulations by 1 January 2027.
- completion of Atom's L-SREP review.

Shareholders

Atom benefits from the support of a diverse shareholder base, comprising over 190 investors. This group includes current and former employees, individual "angel" investors, hedge funds, and a global financial services group.

The two largest shareholders (BBVA SA and Toscafund Asset Management LLP) continue to exercise their rights to appoint directors to the Board.

Communication with shareholders is conducted through both formal and informal channels. Formal interactions, led by the Chairman, CEO and CFO, encompass quarterly performance updates and the Annual General Meeting of Atom Holdco plc. Informal communication is additionally maintained through members of the Board and ExCo.

Suppliers

Throughout the year, the Bank has maintained a vigilant posture against evolving cyber, operational, and geopolitical risks. Building on a 'Resilience by Design' approach, the Board recognises that the Bank's long-term success is intrinsically linked to fostering robust, mutually beneficial relationships with its supply chain.

Atom currently partners with 23 material suppliers whose services are critical to its operations and strategic objectives. To ensure high standards of business conduct and operational excellence, these partnerships are actively overseen by a dedicated network of Service Relationship Managers (SRMs). SRMs conduct regular review meetings with the Bank's partners to monitor performance, manage shared risks, and ensure the Bank consistently receives the best value to support ongoing operations.

This day-to-day engagement is underpinned by a strong, centralised Procurement and Third-Party Risk Management function. This team provides expert oversight, drives commercial renegotiations, and equips SRMs with the framework necessary to effectively discharge their responsibilities. To further elevate the Bank's governance this year, Atom established a Key Supplier Committee dedicated specifically to value management and cultivating deeper strategic partnerships with the Bank's most important and critical suppliers.

By working closely with the Bank's partners and integrating the Financial, Technology, and Operational Resilience frameworks, Atom remains well-positioned to navigate upcoming regulatory changes. Through this collaborative model, Atom continues to safely evolve its business—such as investing in the automation of the commercial lending platform—ensuring third-party relationships deliver continuous innovation, sustainable growth, and long-term value.

Directors' Report

The Directors present their Annual Report and consolidated financial statements for the year ended 31 March 2026.

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 47. 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 57 and 58 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.

- Lee Rochford
- Mark Mullen
- Andrew Marshall
- David Roper
- Cheryl Millington
- Ergun Özen
- Gonzalo Romera Lobo
- Laurence Hollingworth
- Christine Coe
- Murat Kalkan
- Fabrizio Cesario
- Catherine English (appointed 5 February 2026)

Going Concern

The financial statements have been prepared on a going concern basis, as the Directors are satisfied that the Group and the Parent have 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 for the Bank to remain solvent. As a result, any future capital transactions will be undertaken to accelerate lending growth and execution of the long-term strategy.

A combination of stressed financial forecast scenarios has 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:

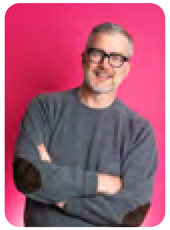
- So far as they are aware, there is no relevant audit information of which the Group's auditor is unaware; and
- They have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of 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 FY26, 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
17 July 2026

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Directors' Responsibilities Statement

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.

Laura Farnworth

General Counsel and Company Secretary

Financial Statements

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Consolidated statement of comprehensive income
For the year ended 31 March 2026

For the year ended 31 March	Note	FY26 £'m	FY25 £'m
Interest income		512.6	443.4
Interest expense		(402.6)	(341.3)
Net interest income	2	**110.0**	**102.1**
Other expense	3	(0.8)	(1.1)
Credit impairment charges	4	(9.4)	(7.1)
Net operating income		**99.8**	**93.9**
Staff costs	5	(40.1)	(36.9)
Administrative and general expenses	7	(34.0)	(31.9)
Staff and administrative expenses		**(74.1)**	**(68.8)**
Profit before other charges		**25.7**	**25.1**
Amortisation and depreciation		(13.8)	(13.9)
Equity-settled share-based payments	6	(2.5)	(6.1)
Other charges		**(16.3)**	**(20.0)**
Profit before taxation		**9.4**	**5.1**
Taxation	8	18.4	11.8
Profit after taxation		**27.8**	**16.9**
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 gain/(loss) in fair value		1.1	(0.4)
- Net amount transferred to profit or loss		-	0.2
Movement in cash flow hedge reserve			
- Net loss from changes in fair value		(1.1)	(1.3)
Other comprehensive (expense)/income, net of tax		**-**	**(1.5)**
Total comprehensive income attributable to equity holders of the parent		**27.8**	**15.4**

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 2026

As at 31 March	Note	FY26 £'m	FY25 £'m
Assets			
Cash and balances at central banks	23	2,670.6	1,945.3
Debt instruments at fair value through other comprehensive income	23	1,245.6	1,384.5
Debt Instruments held at amortised cost	23	326.8	202.5
Derivatives held for hedging purposes	25	47.2	55.8
Loans and advances to customers	9	5,807.5	5,301.5
Other assets	33	78.7	75.4
Property, plant and equipment	34	12.9	0.6
Intangible assets	35	37.6	38.0
Deferred tax asset	8	49.2	29.1
Total assets		**10,276.1**	**9,032.7**
Liabilities			
Customer deposits	17	8,347.6	7,538.7
Borrowings from central banks	18	515.9	358.2
Debt securities in issue	18	792.2	601.9
Subordinated liabilities	18	50.2	50.1
Deferred tax liability	8	1.5	-
Other liabilities	36	65.4	59.9
Total liabilities		**9,772.8**	**8,608.8**
Equity			
Share capital and share premium	29	129.0	129.0
Other equity instruments	30	49.1	-
Other reserves	31	50.3	47.8
Retained earnings		274.9	247.1
Total equity		**503.3**	**423.9**
Total liabilities and equity		**10,276.1**	**9,032.7**

The notes and information on pages 61 to 137 form part of the consolidated financial statements.

The consolidated financial statements from pages 57 to 137 were approved by the Board of Directors on 17 July 2026 and signed on its behalf by:

Mark Mullen
Chief Executive Officer
17 July 2026

Andrew Marshall
Chief Financial Officer
17 July 2026

Consolidated statement of changes in equity

	Share capital and share premium	Other equity instruments	Share based payment reserve	Other reserves and treasury shares	Fair value reserve	Cash flow hedge reserve	Retained earnings	Total equity
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Balance as at 1 April 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**
Profit for the year	-	-	-	-	-	-	27.8	27.8
Fair value reserve (debt instruments) net of tax								
- Net gain in fair value	-	-	-	-	1.1	-	-	1.1
- Hedging adjustment	-	-	-	-	-	(1.1)	-	(1.1)
Total comprehensive income/(expense)	**-**	**-**	**-**	**-**	**1.1**	**(1.1)**	**27.8**	**27.8**
Issue of other equity instruments, net of transaction costs	-	49.1	-	-	-	-	-	49.1
Issue of bonus shares	188.0	-	-	-	-	-	(188.0)	-
Share capital reduction	(188.0)	-	-	-	-	-	188.0	-
Share schemes – value of employee services	-	-	2.5	-	-	-	-	2.5
Balance as at 31 March 2026	**129.0**	**49.1**	**47.8**	**(1.4)**	**1.5**	**2.4**	**274.9**	**503.3**

Consolidated cash flow statement

For the year ended 31 March	Note	FY26 £'m	FY25 £'m
Cash flows from operating activities			
Profit for the year[1]		27.8	16.9
Adjustments for non-cash items			
Credit impairment charges	4	9.4	7.1
Depreciation and amortisation		13.8	13.9
Recognition of deferred tax asset	8	(18.6)	(12.6)
Corporation tax charge	8	0.2	0.8
Equity settled share-based payments	6	2.5	6.1
Interest expense relating to investing activities	18	6.0	2.8
Other non-cash movements		(24.9)	(17.5)
Adjustments for:			
Changes in loans and advances to customers	9	(515.5)	(1,207.6)
Changes in customer deposits	17	808.9	1,792.5
Changes in borrowings from central banks	18	157.7	(325.6)
Changes in debt securities in issue	18	190.3	236.6
Changes in debt instruments held at amortised cost[2]	16	(124.4)	(179.4)
Changes in other assets	33	(3.3)	23.3
Changes in other liabilities and provisions	36 & 37	(7.8)	(1.3)
Changes in derivatives held for hedging purposes	25	8.6	5.7
Corporation tax paid	8	(0.6)	(0.7)
Net cash inflow from operating activities		**530.1**	**361.0**
Cash flows from investing activities			
Acquisition of intangible assets	35	(12.4)	(9.8)
Acquisition of property, plant and equipment	34	(6.6)	(0.4)
Acquisition of debt instruments at FVOCI	16	(1,155.0)	(1,462.6)
Disposal of debt instruments at FVOCI	16	1,326.0	562.5
Net cash inflow/(outflow) from investing activities		**152.0**	**(910.3)**
Cash flows from financing activities			
Proceeds from the issuance of other equity instruments, net of expenses	29	49.1	-
Issuance of subordinated liabilities	18	-	49.2
Interest paid on subordinated liabilities	18	(5.8)	(1.4)
Payment of principal portion of lease liabilities	37	(0.1)	(0.4)
Net cash inflow from financing activities		**43.2**	**47.4**
Net increase/(decrease) in cash and balances at central banks		**725.3**	**(501.9)**
Cash and balances at central banks at the beginning of year	16	1,945.3	2,447.2
Cash and balances at central banks at the end of year	**16**	**2,670.6**	**1,945.3**

Notes to the consolidated cash flow statement

[1] Profit for the year includes interest income of £513.5m (FY25: £431.6m) and interest expense of £417.8m (FY25: £349.5m) received during the year.

[2] Changes in debt instruments held at amortised cost includes additions of £152.9m (FY25: £202.6m) and disposals of £28.5m (FY25: £23.2m).

1. 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.

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.

1. 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 Executive Committee. The Executive Committee 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 income statement.

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.

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1. Summary of material accounting policies (continued)

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 FY26, as none of these issued had impact on the Group's financial statements.

In April 2024, the International Accounting Standards Board (IASB) issued IFRS 18 - Presentation and Disclosure in Financial Statements, which replaces IAS 1 - Presentation of Financial Statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and must be applied retrospectively. The Group will adopt the new standard for the financial year ending 31 March 2028, with restatement of the comparative period ending 31 March 2027. While IFRS 18 does not change the recognition or measurement of assets, liabilities, income, or expenses, it introduces fundamental changes to the presentation and structure of the primary financial statements—most notably the Statement of comprehensive income —and introduces new disclosure requirements in the notes. The Group expects the adoption of IFRS 18 to have a significant impact on the presentation of the primary financial statements.

In addition to the above, 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.

Performance

The notes in this section 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.

	FY26 £'m	FY25 £'m
Interest income		
Loans and advances to customers	323.7	309.8
Other assets held at amortised cost	125.2	94.2
Assets held at fair value through other comprehensive income	63.7	39.4
Total interest income	**512.6**	**443.4**
Interest expense		
Customer deposits	(343.4)	(289.5)
Other liabilities held at amortised cost	(59.2)	(51.8)
Total interest expense	**(402.6)**	**(341.3)**
Net interest income	**110.0**	**102.1**

Net interest income increased to £110m (FY25: £102m), driven by loan book growth, increased income from assets held at fair value through other comprehensive income (FVOCI) and an increase in interest expense relating to customer deposits and liabilities held at amortised cost.

Income on loans and advances to customers increased by £14m to £324m as a result of loan book growth.

Income from other assets held at amortised cost includes interest on cash held at the Bank of England which has increased by £31m, driven by an increase in the balance in cash and cash equivalents, offset by a lower base rate environment. Average cash balances increased by £1.0bn to £2.8bn.

Interest income from assets held at FVOCI was £63.7m (FY25: £39.4m), reflecting an 83% increase in, the average balance to £1.5bn.

Interest expense from customer deposits increased by £53.9m to £343.4m, driven by growth in the deposit portfolio offset by lower average customer rates on variable rate products.

Other liabilities held at amortised cost increased to £59.2m (FY25 £51.8m), driven by the increase in interest payable on debt securities. This includes the full-year impact of the £310m loan notes issued via the Elvet 2025-1 RMBS in Q4 FY25, and the issuance of £346m in loan notes through the Elvet 2026-1 RMBS in Q4 FY26.

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	FY26 £'m	FY25 £'m
Servicing fee income	0.1	0.1
Bank charges and other fees	(0.9)	(0.8)
Ineffectiveness arising from fair value hedges (note 25)	0.1	(0.4)
Foreign currency translation	(0.1)	-
Total other expense	(0.8)	(1.1)

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 income statement.

Net impairment on financial assets	FY26 £'m	FY25 £'m
Movement in impairment provisions for:		
Mortgages	2.0	0.9
BBSL	(0.2)	0.3
BBUL	7.7	5.8
Impairment charges on loans and advances to customers	**9.5**	**7.0**
Movement in impairment charges on loan commitments for:		
Mortgages	-	(0.2)
BBSL	(0.1)	0.1
Provision (release) on loan commitments	**(0.1)**	**(0.1)**
Credit impairment charge on debt instruments at amortised cost and fair value through other comprehensive income	-	0.2
Credit impairment charges and other provisions	**9.4**	**7.1**

The £9.4m (FY25: £7.1m) charge has increased in the year, driven by loan book growth of 10% to £5.8bn and a more pessimistic economic forecast following the outbreak of war in Iran. Further information on the change in expected credit loss provision is disclosed in note 10.

5. Staff costs

Accounting for staff costs

Atom bank 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	FY26 £'m	FY25 £'m
Wages and salaries	30.6	28.5
Social security costs	5.8	5.0
Contributions to defined contribution plans	3.7	3.4
Total staff costs	**40.1**	**36.9**

Wages and salaries of £30.6m (FY25: £28.5m) are shown net of £4.2m (FY25: £3.3m) of staff time that has been capitalised as part of eligible projects, and £1.6m (FY25: £1.8m) related to Banking Competition Remedies (BCR) funding recognised in the income statement against eligible expenditure.

The increase in total staff costs is primarily driven by targeted growth in average headcount (from 544 to 560) to support technology capabilities, annual basic salary uplifts, and the introduction of an annual employee bonus scheme, offering employees the choice to receive cash instead of share options. The cash bonus charge in the year was £2.2m, which is primary driver of the increase in staff costs. As a result, the share based payment charge decreased by £3.6m.

Social security costs also increased, reflecting both the larger workforce and higher statutory National Insurance rates.

Average monthly number of employees during the year	FY26	FY25
Executive	8	8
Business and customer operations	260	274
Administration	92	84
Technology	200	178
Total	**560**	**544**

Average headcount increased to 560 (FY25: 544), with additional Technology roles to reduce reliance on external contractors and to invest in savings propositions, as well as strengthening the finance and risk functions to support the Bank's ongoing IRB application.

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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 income statement 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 income statement 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 income statement 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 2026	Annual performance award. APSS17 to 26 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

During the year, the Group extended the contractual expiry date for certain share options held by current employees. The extension of the expiry date resulted in no incremental fair value, and no additional share-based payment expense was recognised.

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 (FY25: £1.4m).

6. Share based payment arrangements (continued)

	BTB	APSS	LTIP	JSOP
Outstanding as at 1 April 25	**3,943,000**	**67,921,648**	**781,389**	**3,800,000**
Forfeited during the period	-	(434,227)	-	-
Exercised during the period	-	(899,512)	-	-
Granted during the period	-	2,106,423	-	-
Expired during the period	-	(105,014)	-	-
Outstanding as at 31 March 26	**3,943,000**	**68,589,318**	**781,389**	**3,800,000**
Exercisable as at 31 March 26	3,943,000	56,736,480	781,389	3,800,000
Weighted average exercise price (pence)	34	0.001	64	0.001
Weighted average remaining contractual life	3 years	7 years	5 years	1 years
Fair value of share awards issued in FY26 (pence)	N/A	0.40	N/A	N/A

	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	0.40	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 FY26 was estimated on the grant date using the Black Scholes Merton formula.

	APSS26
Option grant date	31 March 26
Weighted average share price	40p
Exercise Price	0.001p
Expected volatility	46.95%
Expected life	2 years
Risk-free interest rate	4.42%

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 (FY25: nil).

7. Administrative and general expenses

	FY26 £'m	FY25 £'m
Administrative expenses	1.6	1.1
Legal and professional	3.4	4.2
Loan servicing expense	6.9	7.5
Marketing	1.5	0.3
Office and premises	1.4	0.7
Technology costs	19.2	18.1
Total administrative and general expenses	**34**	**31.9**

Technology costs of £19.2m (FY25: £18.1m) relate to running of the customer savings and lending platforms, customer contact systems and IT infrastructure supporting back-office functions, with the increase largely related to inflation as contracts are renewed.

Loan servicing expenses of £6.9m (FY25: £7.5m) are paid to third parties where this service is outsourced. The charge is calculated based on the outstanding loan book, and the decrease is in line with the movement in the associated loan books.

Office and premises expenses have increased by £0.7m to £1.4m primarily driven by the relocation of the Group's head office to the Pattern Shop.

Legal and professional fees include auditors' remuneration, with details as follows:

	FY26 £'m	FY25 £'m
Audit fees for the Group and Bank statutory audit	0.6	0.5
Fees payable for other services:		
Audit of Group subsidiaries	0.1	0.1
Total audit and audit related assurance services	**0.7**	**0.6**
Other non-audit services	0.2	0.2
Total auditors remuneration	**0.9**	**0.8**

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.

The assumptions which underpin the base forecast include macroeconomic conditions (such as forecast spreads and interest rates, future tax rates, expectations of credit losses and any potential climate related risks) 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

	FY26 £'m	FY25 £'m
Corporation tax		
Current year	0.4	0.8
Adjustment with respect to prior year	(0.2)	-
Deferred tax		
Current year	(18.6)	(12.6)
Tax credit for the year	**(18.4)**	**(11.8)**

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.

	FY26 £'m	FY25 £'m
Profit on ordinary activities before taxation	9.4	5.1
Standard rate of corporation tax	25%	25%
Expected tax charge	**2.3**	**1.3**
Other temporary differences	(19.1)	(11.1)
Losses utilised in period	(1.6)	(2.0)
Total tax credit	**(18.4)**	**(11.8)**

The Corporation tax receivable from HMRC for the year is £0.1m (FY25: £0.8m liability), as a result of the adjustment with respect to prior years. 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, but the tax position should not change in future years on the grounds that all profits are taxable at the UK's tax rate of 25%.

8. Taxation (continued)

The Group has recognised a deferred tax liability in relation to short term 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.

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

	FY26 £'m	FY25 £'m
At 1 April	-	-
Recognised in the income statement	1.5	-
At 31 March	**1.5**	**-**

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

	FY26 £'m	FY25 £'m
At 1 April	29.1	16.5
Recognised in the income statement	20.1	12.6
At 31 March	**49.2**	**29.1**

The Group has recognised a deferred tax asset in relation to tax losses carried forward of £49.2m (FY25: £29.1m).

The Group has recognised a deferred tax liability of £1.5m (FY25: £Nil) in relation to short term 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.

The Group has an unrecognised deferred tax asset value of £32.6m (FY25: £53.4m). This asset comprises £24.8m (FY25: £46.1m) of trading losses and £7.8m (FY25: £7.3m) of deferred share scheme deductions. All these amounts are carried forward and taxed at the expected rate of 25% (FY25: 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 £54.2m and an unrecognised deferred tax asset of £19.8m. 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 £21.6m. Had the forecasts been used in perpetuity, then a deferred tax asset of £74m would have been recognised.

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 mortgages to individuals and professional landlords secured and unsecured loans to small and medium enterprises and. 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 2026:	**£'m**	**£'m**	**£'m**	**£'m**
Gross carrying amount:				
Stage 1: 12 month expected loss	4,383.0	968.8	157.5	5,509.3
Stage 2: Lifetime - loans not credit impaired	157.1	100.9	22.4	280.4
Stage 3: Lifetime - credit impaired loans	57.8	5.0	8.9	71.7
Total gross carrying amount	**4,597.9**	**1,074.7**	**188.8**	**5,861.4**
Fair value adjustment*	(25.0)	-	-	(25.0)
Effective interest rate adjustment	(6.5)	(2.3)	0.1	(8.7)
Total gross carrying amount including valuation adjustments	**4,566.4**	**1,072.4**	**188.9**	**5,827.7**
Less expected credit loss provision:				
Stage 1: 12 month expected loss	(3.4)	(1.1)	(2.9)	(7.4)
Stage 2: Lifetime - loans not credit impaired	(1.9)	(0.9)	(2.5)	(5.3)
Stage 3: Lifetime - credit impaired loans	(2.5)	(0.8)	(4.2)	(7.5)
Provision for on balance sheet impairment losses	**(7.8)**	**(2.8)**	**(9.6)**	**(20.2)**
Net balance sheet carrying value	**4,558.6**	**1,069.6**	**179.3**	**5,807.5**
Loan commitments				
Gross commitments	254.4	184.7	-	439.1
12 month expected loss provision	(0.1)	(0.2)	-	(0.3)
Total credit impairment provision	**(7.9)**	**(3.0)**	**(9.6)**	**(20.5)**
Total coverage ratio	**0.16%**	**0.24%**	**5.07%**	**0.33%**

	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%**

* 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. During FY26 the portfolio grew by 8% to £4.6bn. The portfolio is predominantly owner-occupied, however include £1,038m (FY25: £895m) of buy to let lending to professional landlords. 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 £372m (FY25: £183m).

The provision of £7.8m (FY25: £5.9m) results in a coverage ratio of 0.16% (FY25: 0.13%). Low levels of delinquency continue to be experienced, with 95% (FY25: 95%) of total mortgage value classified as Stage 1. The proportion of the portfolio in arrears or forbearance remains low at 0.8% (FY25: 0.5%).

Mortgages of £254m (FY25: £224m) were also committed, but not completed, to 1,207 (FY25: 1,152) customers. A provision of £0.1m (FY25: £0.1m) was held against this potential exposure, resulting in a total mortgage provision of £7.9m (FY25: £6.0m).

The fair value adjustment of £(25m) (FY25: £(20m)) reflects the IAS 39 macro hedge adjustment as described in note 25.

BBSL

The Group offers secured loans to SMEs, with the total loan book growing by 28% to £1,070m. The portfolio is secured against commercial property with customers in the property sector and a range of trading businesses. 29% (FY25: 46%) of the portfolio was originated under a government guarantee scheme that seeks to encourage lending to SMEs. This includes the Coronavirus Business Interruption Loan Scheme (CBILS) and the Recovery Loan Scheme (RLS), which carry an 80% government guarantee (or 70% for RLS loans originated after 1 January 2022).

The provision coverage rate reduced to 0.24% (FY25: 0.37%) due to a change in loan mix and settlement of a significant portion of loans that were classified as stage 3 in the prior year. Default and stage 3 provisions continue to remain low, with 90% (FY25: 93%) of the loan book being stage 1 and showing no significant increase in credit risk since origination. Levels of arrears and forbearance remain low and have remained flat at 0.6% (FY25: 0.6%) of the outstanding balance.

Loans totalling £185m (FY25: £144m) were committed, but not completed, to 172 (FY25: 206) customers. A provision of £0.2m (FY25: £0.3m) was held against this exposure, resulting in a total BBSL provision of £3.0m (FY25: £3.6m).

BBUL

Unsecured loans are offered to SMEs in conjunction with a third-party origination partner, predominantly under the RLS, CBILS and GGS schemes. Many of the CBILS and earlier RLS loans reached maturity, and that, combined with principal repayments across the portfolio have resulted in a reduction in the outstanding balance to £179m (FY25: £248m).

During the year, a seasoned RLS and CBILS schemes was acquired from the third-party origination partner, with a combined carrying value of £31m. Following principal repayments, the portfolio acquired has a carrying value of £12m.

During the year, £39m of loans under the RLS and GGS scheme were originated, attracting a government guarantee of 70%. As a result, 85% (FY25: 83%) of the closing loan book attracted either a CBILS, RLS or GGS guarantee.

A provision of £9.6m (FY25: £9.2m) has been recognised resulting in a coverage ratio of 5.07% (FY25: 3.59%).

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 credit 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 through 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 the 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 realisation 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.

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 initially set using industry level data and are subsequently validated on an annual basis using a combination of internally available data, purchased data and industry level benchmarking.

10. Managing Credit risk (continued)

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 forecast economic data that have been used in the ECL modelling were as at 28 February 2026. The baseline assumptions included in that data were as follows:

- **GDP:** The UK economy demonstrated resilience over the financial year ended 31 March 2026. Following steady growth of 0.2% in Q4 2025, real GDP increased by an estimated 0.6% in Q1 2026. Looking ahead, the economy was projected to maintain a consistent growth rate of 1.0% through the next financial year.
- **Labour Market:** Unemployment rate stood at 5.0% for Q1 of 2026 (compared to 5.2% in Q4 2025), which remains low by historical standards. Vacancies have broadly stabilised, and businesses are carefully adapting their hiring intentions in response to shifting employer costs, including National Insurance contributions and minimum wage uplifts. Concurrently, nominal pay growth is transitioning to a more sustainable pace.
- **Inflation:** Inflationary pressures have shown some volatility; while the Consumer Prices Index (CPI) had eased to 3.0% in early 2026, it rose to 3.3% in March 2026, driven primarily by an increase in global fuel prices. This upward pressure introduces uncertainties regarding the pace of the downward trajectory previously expected to return inflation to the 2% target by the second calendar quarter of 2026.

Overall, the economic outlook pointed towards sustained, modest growth, however the outbreak of war in Iran in March 2026 and corresponding impact on energy prices and supply chains has created significant volatility and uncertainty in the UK's economic outlook.

The medium and longer-term impacts on the UK macroeconomic environment remain highly contingent upon the duration and escalation of this conflict. A prolonged period of instability introduces increased risks of sustained upward pressure on global energy prices and renewed disruptions to international supply chains. Consequently, these factors could exacerbate domestic inflationary pressures, elevate operating costs for businesses, drive higher interest rates and weigh on consumer confidence, ultimately influencing the broader trajectory of UK economy. Management continues to monitor these developments closely to assess any potential implications for the Group's operating environment.

The Group has identified the economic variables that are significant to ECL, which 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 used for the ECL estimate are forecast interest rates, house prices (mortgages) or commercial real estate forecasts (business lending), and unemployment rates.

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

	FY26				FY25			
	Upside	Base	Downside 1	Downside 2	Upside	Base	Downside 1	Downside 2
Scenario weighting	10%	40%	40%	10%	7.5%	40%	40%	12.5%

The Group's macroeconomic forecast provider provides a recommended weighting framework, which is 30% (Upside), 40% (Base Case), 25% (Downside 1), and 5% (Downside 2).

Management performs an assessment of the probability weightings applied to macroeconomic scenarios to ensure that the expected credit loss provision reflects the economic conditions existing at the reporting date. This process involves evaluating the recommended weighting framework and the forecasts provided by external economic experts against emerging global events and internal risk assessments.

In the prior year, the weightings were adjusted toward more pessimistic scenarios due to US tariff announcements.

The economic forecasts used to determine the impairment provision as of 31 March 2026 were based on data available as of 28 February 2026. Following the receipt of these forecasts, geopolitical tensions in the Middle East escalated significantly, resulting in the commencement of the Iran conflict. In response to these developments and the resulting increase in systemic risk, Management determined that the February forecasts did not fully capture the heightened economic uncertainty. Consequently, a judgement was applied to adjust the probability weightings to better reflect the increased likelihood of adverse outcomes.

10. Managing Credit risk (continued)

The following table presents key variables from the forecasts used in FY26 by year:

	FY27 %	FY28 %	FY29 %	FY30 %	FY31 %
Upside					
BoE Interest rate[1]	3.1	2.5	2.5	2.5	2.5
House price index[2]	9.8	6.5	4.0	4.0	4.0
Commercial real estate index[2]	8.1	2.9	1.1	1.0	0.9
Unemployment rate[3]	4.5	4.1	3.9	3.9	3.8
Base					
BoE Interest rate[1]	3.5	3.3	3.3	3.3	3.3
House price index[2]	3.5	4.1	4.0	4.0	4.0
Commercial real estate index[2]	1.5	1.4	1.1	1.0	0.9
Unemployment rate[3]	5.2	5.0	4.6	4.4	4.2
Downside 1					
BoE Interest rate[1]	5.8	5.7	4.8	3.9	3.8
House price index[2]	(2.1)	1.3	3.8	4.0	4.0
Commercial real estate index[2]	(9.8)	4.0	1.9	1.0	0.9
Unemployment rate[3]	5.7	6.0	5.7	5.3	4.8
Downside 2					
BoE Interest rate[1]	7.8	7.7	6.7	5.5	4.5
House price index[2]	(7.0)	(2.4)	2.6	4.0	4.0
Commercial real estate index[2]	(22.2)	9.3	4.6	1.2	0.9
Unemployment rate[3]	6.6	7.7	7.5	6.9	6.3

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

[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 income statement.

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 income statement 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 income statement.

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 2026, the following PMAs were recognised:

- **BBUL:** £0.9m 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.
- **Mortgages:** £0.2m is held in relation to the buy to let portfolio as the model was prematurely transitioning certain defaulted loans from Stage 3 back to Stage 1. This modelling behaviour was inconsistent with the Group's cure period policies and internal credit risk management frameworks.
- **BBSL:** £0.2m is held against specific loans to correct for insufficient customer performance data.

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10. Managing Credit risk (continued)

Critical accounting 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 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, and quantified, above.
- **Probability weightings applied to macroeconomic scenarios:** The calculation of expected credit losses requires the incorporation of forward-looking information. The Group determines a probability-weighted loss provision by evaluating a range of possible macroeconomic outcomes. The selection of these macroeconomic scenarios and the assignment of probability weights to each scenario are considered a critical accounting judgment, as they have a material impact on the recognised provision.

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 2026	**£'m**	**£'m**	**£'m**	**£'m**
Mortgages	(5.9)	(4.6)	1.6	16.1
BBSL	(1.5)	(1.2)	0.4	3.1
BBUL	(0.3)	(0.2)	0.1	0.4
Total	**(7.7)**	**(6.0)**	**2.1**	**19.6**

If the base scenario was 100% applied, the total provision would reduce by £6.0m (FY25: £4.9m).

	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**

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.

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 2026	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%	477.2	0.1	28.8	0.1	6.5	0.1	13.7	-
60% < LTV <= 65%	231.0	0.1	9.3	-	1.9	-	5.2	-
65% < LTV <= 70%	407.2	0.3	14.7	0.2	4.8	0.2	7.2	-
70% < LTV <= 75%	754.4	0.5	17.2	0.3	8.1	0.4	10.8	-
75% < LTV <= 80%	749.8	0.6	25.8	0.3	10.0	0.4	29.2	0.1
80% < LTV <= 85%	786.2	0.7	33.1	0.4	15.1	0.7	29.1	-
85% < LTV <= 90%	758.1	0.9	23.5	0.5	8.1	0.5	96.0	-
90% < LTV <= 95%	219.1	0.2	4.7	0.1	3.1	0.2	63.2	-
95% < LTV <= 100%	-	-	-	-	0.2	-	-	-
Total Mortgages	**4,383.0**	**3.4**	**157.1**	**1.9**	**57.8**	**2.5**	**254.4**	**0.1**

	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**

11. Collateral held and other credit enhancements (continued)

Current loan to value (LTV) (continued)

As at 31 March 2026	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%	330.5	0.1	33.0	0.2	0.8	-	39.0	-
50% < LTV <= 60%	227.7	0.2	22.9	0.3	0.9	0.1	51.3	0.1
60% < LTV <= 70%	293.1	0.5	36.0	0.4	1.2	0.1	43.1	-
70% < LTV <= 80%	114.5	0.3	8.7	-	1.4	0.3	51.0	0.1
80% < LTV <= 90%	3.0	-	0.3	-	0.7	0.3	0.3	-
Total BBSL	**968.8**	**1.1**	**100.9**	**0.9**	**5.0**	**0.8**	**184.7**	**0.2**

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**

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.

As at 31 March 2026	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
Mortgages by PD Grade	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
0.0% to =<0.5%	3,010.6	1.3	21.0	0.4	-	-	234.4	0.1
>0.5% to =<1.5%	976.6	0.8	24.0	-	-	-	18.1	-
>1.5% to =<20.0%	393.0	1.2	105.2	1.1	-	-	1.9	-
>20% to <100%	2.8	0.1	6.9	0.4	-	-	-	-
Default	-	-	-	-	57.8	2.5	-	-
Total Mortgages	**4,383.0**	**3.4**	**157.1**	**1.9**	**57.8**	**2.5**	**254.4**	**0.1**

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
Mortgages by PD Grade	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
0.0% to =<0.5%	2,887.9	1.2	29.5	0.1	-	-	213.3	0.1
>0.5% to =<1.5%	864.7	0.5	43.8	0.1	-	-	8.5	-
>1.5% to =<20.0%	274.8	0.8	108.8	1.5	-	-	2.0	-
>20% to <100%	-	-	7.0	0.3	-	-	-	-
Default	-	-	-	-	35.0	1.4	-	-
Total Mortgages	**4,027.4**	**2.5**	**189.1**	**2.0**	**35.0**	**1.4**	**223.8**	**0.1**

The mortgage portfolio continues to be predominantly in the low PD grade band 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.

12. Credit quality (continued)

Segmentation by risk grade (continued)

As at 31 March 2026	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 PD Grade	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
0.0% to =<0.5%	251.1	0.1	19.5	-	-	-	56.7	-
>0.5% to =<1.5%	538.9	0.7	33.3	-	-	-	109.8	0.1
>1.5% to =<20.0%	178.8	0.3	45.5	0.8	-	-	18.2	0.1
>20% to <100%	-	-	2.6	0.1	-	-	-	-
Default	-	-	-	-	5.0	0.8	-	-
Total BBSL	**968.8**	**1.1**	**100.9**	**0.9**	**5.0**	**0.8**	**184.7**	**0.2**

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 PD Grade	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
0.0% to =<0.5%	181.3	0.1	9.6	-	-	-	36.0	-
>0.5% to =<1.5%	398.1	0.6	7.6	-	-	-	87.6	0.2
>1.5% to =<20.0%	199.6	0.6	34.0	0.6	-	-	20.3	0.1
>20% to <100%	-	-	0.9	0.1	-	-	-	-
Default	-	-	-	-	7.6	1.3	-	-
Total BBSL	**779.0**	**1.3**	**52.1**	**0.7**	**7.6**	**1.3**	**143.9**	**0.3**

12. Credit quality (continued)

Segmentation by risk grade (continued)

	Stage 1		Stage 2		Stage 3	
As at 31 March 2026	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	5.4	0.1	1.2	0.1	-	-
Medium risk	16.8	0.4	5.2	0.5	-	-
Medium high risk	112.6	2.0	11.2	1.4	-	-
Higher Risk	22.7	0.4	4.8	0.5	8.9	4.2
Total BBUL	**157.5**	**2.9**	**22.4**	**2.5**	**8.9**	**4.2**

	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 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**

The decrease in loans classified as lower risk is driven by the structural pay down and maturation of the portfolio. As the portfolio is in a run-off phase, the change in risk distribution is a function of natural principal repayments rather than a deterioration in credit quality. The remaining portfolio continues to be managed under strict credit risk frameworks, and its fundamental risk profile remains stable.

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.

	FY26			FY25		
	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	4.1	0.0%	0.1	1.1	0.0%	-
Arrears	21.1	0.5%	1.2	19.8	0.5%	0.9
Arrears and forbearance	12.2	0.3%	0.7	0.6	0.0%	0.1
Total	**37.4**	**0.8%**	**2.0**	**21.5**	**0.5%**	**1.0**

	FY26			FY25		
	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	1.2	0.1%	0.1	0.5	0.1%	-
Arrears	5.2	0.5%	0.4	4.1	0.5%	0.5
Arrears and forbearance	-	-	-	0.2	0.0%	0.1
Total	**6.4**	**0.6%**	**0.5**	**4.8**	**0.6%**	**0.6**

	FY26			FY25		
	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	0.8	0.4%	0.1	1.9	0.7%	0.1
Arrears	9.7	5.1%	2.3	10.0	3.9%	2.4
Arrears and forbearance	-	-	-	-	-	-
Total	**10.5**	**5.5%**	**2.4**	**11.9**	**4.6%**	**2.5**

12. Credit quality (continued)

Segmentation by loan size

The table below provides information on the portfolio by loan size.

As at 31 March 2026	Stage 1 Gross carrying amount	Stage 1 ECL Provision	Stage 2 Gross carrying amount	Stage 2 ECL Provision	Stage 3 Gross carrying amount	Stage 3 ECL Provision	Stage 1 Gross loan commitment	Stage 1 Provision against loan commitments
Mortgages by loan size	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Loan <= £250k	2,506.3	2.2	100.3	1.2	37.7	1.7	126.4	0.1
£250k < Loan <= £500k	1,476.9	0.9	50.1	0.5	16.1	0.6	103.0	-
£500k < Loan <= £1m	372.5	0.3	6.7	0.2	4.0	0.2	25.0	-
£1m < Loan <= £2m	27.3	-	-	-	-	-	-	-
Total Mortgages	**4,383.0**	**3.4**	**157.1**	**1.9**	**57.8**	**2.5**	**254.4**	**0.1**

As at 31 March 2025	Stage 1 Gross carrying amount	Stage 1 ECL Provision	Stage 2 Gross carrying amount	Stage 2 ECL Provision	Stage 3 Gross carrying amount	Stage 3 ECL Provision	Stage 1 Gross loan commitment	Stage 1 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**

12. Credit quality (continued)

Segmentation by loan size (continued)

As at 31 March 2026	Stage 1 Gross carrying amount	Stage 1 ECL Provision	Stage 2 Gross carrying amount	Stage 2 ECL Provision	Stage 3 Gross carrying amount	Stage 3 ECL Provision	Stage 1 Gross loan commitment	Stage 1 Provision against loan commitments
BBSL by loan size	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
Loan <= £250k	30.1	-	2.9	-	0.5	-	2.5	-
£250k < Loan <= £500k	184.5	0.3	18.3	0.2	1.8	0.3	18.5	-
£500k < Loan <= £1m	294.0	0.3	34.9	0.2	2.7	0.5	53.5	0.1
£1m < Loan <= £2m	303.7	0.3	17.9	0.2	-	-	65.7	0.1
Loan > £2m	156.5	0.2	26.9	0.3	-	-	44.5	-
Total BBSL	**968.8**	**1.1**	**100.9**	**0.9**	**5.0**	**0.8**	**184.7**	**0.2**

As at 31 March 2025	Stage 1 Gross carrying amount	Stage 1 ECL Provision	Stage 2 Gross carrying amount	Stage 2 ECL Provision	Stage 3 Gross carrying amount	Stage 3 ECL Provision	Stage 1 Gross loan commitment	Stage 1 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

12. Credit quality (continued)

Segmentation by loan size (continued)

	Stage 1		Stage 2		Stage 3	
As at 31 March 2026	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	101.6	1.8	16.6	1.7	6.1	2.8
£100k < Loan <= £250k	48.2	0.9	5.8	0.8	2.8	1.4
£250k < Loan <= £500k	7.7	0.2	-	-	-	-
Total BBUL	**157.5**	**2.9**	**22.4**	**2.5**	**8.9**	**4.2**

	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**

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 table below provides information on the portfolio segmented by geographic distribution.

As at 31 March 2026	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
Mortgages by UK region	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Greater London	917.5	0.7	25.9	0.5	5.5	0.3	48.7	-
Midlands	845.6	0.5	25.8	0.2	13.8	0.5	53.3	-
North	1,057.6	1.1	40.4	0.5	17.0	0.8	61.8	0.1
Northern Ireland	116.7	0.2	7.2	0.1	2.1	0.1	11.0	-
Scotland	391.4	0.4	16.0	0.2	3.0	0.2	13.8	-
South	910.3	0.4	35.5	0.3	14.0	0.5	55.4	-
Wales	143.9	0.1	6.3	0.1	2.4	0.1	10.4	-
Total Mortgages	**4,383.0**	**3.4**	**157.1**	**1.9**	**57.8**	**2.5**	**254.4**	**0.1**

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
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**

13. Credit concentrations (continued)

Credit concentration by UK region (continued)

As at 31 March 2026	Stage 1 Gross carrying amount	Stage 1 ECL Provision	Stage 2 Gross carrying amount	Stage 2 ECL Provision	Stage 3 Gross carrying amount	Stage 3 ECL Provision	Stage 1 Gross loan commitment	Stage 1 Provision against loan commitments
BBSL by UK region	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
Greater London	198.2	0.2	13.5	0.1	0.5	-	38.4	-
Midlands	167.9	0.2	30.7	0.3	0.6	0.2	33.8	-
North	261.9	0.3	27.2	0.4	0.8	0.1	40.1	0.1
Northern Ireland	15.2	-	1.3	-	-	-	1.7	-
Scotland	92.3	0.1	8.8	-	1.4	0.4	10.0	-
South	197.8	0.2	15.0	0.1	1.7	0.1	51.6	0.1
Wales	35.5	0.1	4.4	-	-	-	9.1	-
Total BBSL	**968.8**	**1.1**	**100.9**	**0.9**	**5.0**	**0.8**	**184.7**	**0.2**

As at 31 March 2025	Stage 1 Gross carrying amount	Stage 1 ECL Provision	Stage 2 Gross carrying amount	Stage 2 ECL Provision	Stage 3 Gross carrying amount	Stage 3 ECL Provision	Stage 1 Gross loan commitment	Stage 1 Provision against loan commitments
BBSL by UK region	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'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**

13. Credit concentrations (continued)

Credit concentration by UK region (continued)

As at 31 March 2026	Stage 1		Stage 2		Stage 3	
	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	27.4	0.5	2.1	0.2	1.3	0.5
Midlands	22.8	0.4	3.0	0.3	1.3	0.7
North	29.8	0.6	5.2	0.5	2.2	1.1
Northern Ireland	1.6	-	0.6	0.1	0.1	-
Scotland	10.2	0.2	1.3	0.1	0.2	0.1
South	60.1	1.1	9.8	1.3	3.4	1.6
Wales	5.6	0.1	0.4	-	0.4	0.2
Total BBUL	**157.5**	**2.9**	**22.4**	**2.5**	**8.9**	**4.2**

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 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**

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.

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13. Credit concentrations (continued)

Credit concentration by business sector

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

As at 31 March 2026	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 sector	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
Accommodation & Food Services	68.5	-	9.6	-	-	-	13.2	-
Construction	39.9	0.1	2.4	-	0.7	-	7.3	-
Human Health & Social Work	111.7	0.1	7.2	-	0.6	-	20.2	-
Manufacturing	11.3	-	-	-	-	-	1.9	-
Property & Real Estate	662.0	0.8	70.8	0.7	3.1	0.8	127.3	0.1
Wholesale & Retail Trade	31.2	-	7.1	0.1	0.6	-	6.6	-
Other	44.2	0.1	3.8	0.1	-	-	8.2	0.1
Total BBSL	**968.8**	**1.1**	**100.9**	**0.9**	**5.0**	**0.8**	**184.7**	**0.2**

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 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	-
Construction	7.7	-	1.1	-	-	-	1.8	
Human Health & Social Work	88.1	0.2	-	-	0.3	-	28.6	0.1
Manufacturing	1.5	-	11.7	-	-	-	0.7	-
Property & Real Estate	555.7	0.9	30.5	0.6	5.8	1.0	95.5	0.2
Wholesale & Retail Trade	30.9	-	4.8	-	0.6	0.1	3.5	-
Other	49.1	0.1	1.2	-	-	-	6.2	-
Total BBSL	**779.0**	**1.3**	**52.1**	**0.7**	**7.6**	**1.3**	**143.9**	**0.3**

13. Credit concentrations (continued)

Credit concentration by business sector (continued)

As at 31 March 2026	Stage 1		Stage 2		Stage 3	
	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	9.6	0.2	0.7	0.1	0.4	0.1
Human Health & Social Work	8.5	0.2	1.0	0.2	0.6	0.2
Manufacturing	9.3	0.2	8.6	0.4	0.8	0.4
Professional Services	28.2	0.5	1.3	0.2	1.1	0.5
Property & Real Estate	32.1	0.6	2.5	0.6	1.6	0.6
Transport, Storage & communications	15.9	0.3	1.0	0.2	1.0	0.6
Wholesale & Retail Trade	36.2	0.6	6.4	0.5	2.2	1.3
Other	17.7	0.3	0.9	0.3	1.2	0.5
Total BBUL	**157.5**	**2.9**	**22.4**	**2.5**	**8.9**	**4.2**

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 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
Professional Services	37.4	0.4	1.6	0.3	0.4	0.1
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
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**

14. Impairment provision movement table

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 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**
Increase due to originations	907.9	0.5	-	-	-	-	907.9	0.5
Decrease due to repayment	(529.5)	(0.1)	(23.5)	(0.1)	(8.5)	(0.4)	(561.5)	(0.6)
Change in credit risk	-	0.5	-	0.3	-	0.2	-	1.0
Transfers from Stage 1 to Stage 2	(371.0)	(0.7)	371.0	3.0	-	-	-	2.3
Transfers from Stage 2 to Stage 1	364.6	0.7	(364.6)	(2.7)	-	-	-	(2.0)
Transfers to Stage 3	(24.0)	(0.1)	(27.6)	(1.0)	51.6	2.2	-	1.1
Transfers from Stage 3	7.6	-	12.7	0.2	(20.3)	(0.9)	-	(0.7)
Post model adjustments	-	0.1	-	0.2	-	-	-	0.3
At 31 March 2026	**4,383.0**	**3.4**	**157.1**	**1.9**	**57.8**	**2.5**	**4,597.9**	**7.8**

Increases in the provision are due to loan book growth, and by changes in credit risk driven by changes in the economic forecasts.

14. Impairment provision movement table (continued)

An 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 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**
Increase due to originations	368.6	0.8	-	-	-	-	368.6	0.8
Decrease due to repayment or derecognition	(103.4)	(0.1)	(16.5)	(0.2)	(12.7)	(1.5)	(132.6)	(1.8)
Change in credit risk	-	(0.9)	-	(0.3)	-	(0.3)	-	(1.5)
Transfers from Stage 1 to Stage 2	(149.1)	(0.2)	149.1	1.8	-	-	-	1.7
Transfers from Stage 2 to Stage 1	75.9	0.1	(75.9)	(1.0)	-	-	-	(0.9)
Transfers to Stage 3	(4.5)	-	(8.7)	(0.1)	13.2	1.6	-	1.4
Transfers from Stage 3	2.3	-	0.8	-	(3.1)	(0.4)	-	(0.4)
Post model adjustments	-	0.1	-	-	-	0.1	-	0.2
At 31 March 2026	**968.8**	**1.1**	**100.9**	**0.9**	**5.0**	**0.8**	**1,074.7**	**2.8**

14. Impairment provision movement table (continued)

An 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 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**
Increase due to originations	39.1	1.7	-	-	-	-	39.1	1.7
Acquisitions	29.7	0.2	1.2	0.2	1.0	0.3	31.9	0.7
Decrease due to repayment or derecognition*	(94.1)	(0.2)	(24.1)	(0.1)	(20.6)	(8.6)	(138.8)	(8.9)
Change in credit risk	-	(0.3)	-	0.5	-	(0.5)	-	(0.3)
Transfers from Stage 1 to Stage 2	(39.1)	(0.5)	39.1	6.0	-	-	-	5.5
Transfers from Stage 2 to Stage 1	28.5	0.7	(28.5)	(2.7)	-	-	-	(2.0)
Transfers to Stage 3	(4.6)	(1.1)	(17.0)	(4.6)	21.6	8.6	-	2.9
Transfers from Stage 3	-	-	0.7	-	(0.7)	(0.2)	-	(0.2)
Post model adjustments	-	0.2	-	0.3	-	0.5	-	1.0
At 31 March 2026	**157.5**	**2.9**	**22.4**	**2.5**	**8.9**	**4.2**	**188.8**	**9.6**

*Decrease due to repayment or derecognition of £138.8m (FY25: £144.5m), includes loans written off of £8.0m (FY25: £8.6m), which were fully provided for.

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:

Section Heading

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 14-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 287%[1] (FY25: 480%) and the Net Stable Funding Ratio was 180%[1] (FY25: 191%) as a result of high levels of cash and other HQLA held at the year end. The Asset Encumbrance ratio was 14.2%[1] (FY25: 13.1%) and the Loan to Deposit ratio was 70% (FY25: 70%).

[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.

As at 31 March 2026	Encumbered with counterparties other than central banks £'m	Prepositioned and encumbered assets held with central banks £'m	Unencumbered assets not-pre positioned with central banks £'m	Total £'m
Cash and balances at central banks	51.0	44.5	2,575.1	2,670.6
Debt instruments at fair value through other comprehensive income	-	1,107.9	137.7	1,245.6
Debt Securities held at amortised cost	-	304.4	22.4	326.8
Derivatives held for hedging purposes	-	-	47.2	47.2
Loans and advances to customers	774.0	1,086.3	3,947.2	5,807.5
Other assets	63.6	-	114.8	178.4
Total assets	**888.6**	**2,543.1**	**6,844.4**	**10,276.1**

As at 31 March 2025	Encumbered with counterparties other than central banks £'m	Prepositioned and encumbered assets held with central banks £'m	Unencumbered assets not-pre positioned with central banks £'m	Total £'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	3,672.8	5,301.5
Other assets	63.8	-	79.3	143.1
Total assets	**648.1**	**2,387.8**	**5,996.8**	**9,032.7**

The Group's asset encumbrance of £1,459m (FY25: 1,188m) is predominantly through its participation in the Bank of England's ILTR and short term repo schemes, and its securitisation issuance via Elvet Mortgages 2021-1 plc, Elvet Mortgages 2023-1 plc, Elvet Mortgages 2025-1 plc and Elvet Mortgages 2026-1 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.

	FY26 £'m	FY25 £'m
Sterling denominated fixed term deposits	3,640.8	4,352.8
Sterling denominated instant access deposits	4,706.8	3,185.9
Total	**8,347.6**	**7,538.7**

Atom continues to fund lending predominantly through customer deposits.

Deposits increased 11% to £8.3bn reflecting a change in funding mix to reduce reliance on fixed-term products and to optimise the cost of funding over time.

The £3.6bn (FY25: £4.4bn) of Sterling denominated fixed term deposits includes a valuation adjustment asset of £3.2m (FY25: £1.7m 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.

	FY26 £'m	FY25 £'m
Borrowings from central banks	515.9	358.2
Debt securities in issue	792.2	601.9
Subordinated liability	50.2	50.1
Total	**1,358.3**	**1,010.2**

Borrowings from central banks of £516m (FY25: £358m) primarily relate to indexed long-term repo (ILTR) facilities and short term repurchase agreements. The increase of £158m is driven by a £339m full settlement of the Bank of England TFSME, offset by increased funding of £495m via ILTR facilities and short term repurchase agreements.

Debt securities in issue of £792m (FY25: £602m) represents notes issued through the Group's RMBS programme, as disclosed in Note 19. The increase is due to the issuance of £346m of notes through the Elvet Mortgages 2026-1 securitisation, net of principal repayments of the remainder notes in issue.

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 £50.2m balance includes a valuation adjustment asset of £0.5m, which reflects the IFRS9 micro hedge adjustment described in note 25, transaction costs of £0.6m and accrued interest expense of £1.3m.

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19. Securitisation

The Group securitises certain loans and advances to customers primarily 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 January 2026, £378.7m of mortgage loans originated by Atom bank plc were assigned at their principal value to Elvet mortgages 2026-1 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, Elvet mortgages 2023-1 plc and Elvet mortgages 2025-1 plc transactions. The securitised debt holders have no recourse to the Bank other than the principal and interest generated from the securitised mortgage loans.

Atom bank plc issued £346m of Class A floating rate notes externally to the market as part of this transaction. At the same time £32.7m of class B floating rate notes were issued and fully retained by Atom bank plc. Both notes have a call date of 22 October 2030.

Atom bank plc 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, Elvet 2025-1 and Elvet 2026-1 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:

	FY26 £'m	FY25 £'m
Securitised mortgage loans, included in loans and advances to customers	996.1	810.0
Debt securities in issue held by external investors:		
Elvet mortgages 2021-1 plc	14.9	53.3
Elvet mortgages 2023-1 plc	162.3	238.6
Elvet mortgages 2025-1 plc	267.8	310.0
Elvet mortgages 2026-1 plc	347.2	-

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.
The Elvet 2026-1 A notes have a coupon rate of SONIA + 0.54% and a call date of 22 October 2030.

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:

	On demand	Not more than 3 months	Over 3 months but not more than 6 months	Over 6 months but not more than 1 year	Over 1 year but not more than 3 years	Over 3 years but not more than 5 years	Over 5 years but not more than 10 years	Over 10 years	Total
As at 31 March 2026	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
Assets									
Cash and balances at central banks	2,670.6	-	-	-	-	-	-	-	2,670.6
Debt instruments at FVOCI	-	337.7	111.4	253.8	256.7	185.5	100.5	-	1,245.6
Debt instruments at amortised costs	-	17.5	15.8	112.0	84.5	94.2	2.8	-	326.8
Derivatives held for hedging purposes	-	3.6	5.0	8.0	25.0	4.7	0.9	-	47.2
Loans and advances to customers	12.3	64.8	44.3	159.6	1,159.3	1,136.8	421.9	2,808.5	5,807.5
Total financial assets	**2,682.9**	**423.6**	**176.5**	**533.4**	**1,525.5**	**1,421.2**	**526.1**	**2,808.5**	**10,097.7**
Liabilities									
Customer deposits	(4,765.2)	(650.7)	(921.2)	(1,099.1)	(702.3)	(209.1)	-	-	(8,347.6)
Borrowings from central banks	-	(515.9)	-	-	-	-	-	-	(515.9)
Debt securities in issue	-	(22.0)	(5.5)	(19.7)	(170.7)	(574.3)	-	-	(792.2)
Subordinated liabilities	-	-	(1.3)	-	-	(48.9)	-	-	(50.2)
Derivatives held for hedging purposes	-	-	-	(0.1)	-	-	-	-	(0.1)
Total financial liabilities	**(4,765.2)**	**(1,188.6)**	**(928.0)**	**(1,118.9)**	**(873.0)**	**(832.3)**	**-**	**-**	**(9,706.0)**
Off-balance sheet commitments									
Loan commitments given	-	83.3	376.0	-	-	-	-	-	459.3

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20. Contractual maturity of financial assets and liabilities (continued)

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

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

The table below analyses 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.

	On demand	Not more than 3 months	Over 3 months but not more than 6 months	Over 6 months but not more than 1 year	Over 1 year but not more than 3 years	Over 3 years but not more than 5 years	Over 5 years but not more than 10 years	Total
As at 31 March 2026	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
Customer Deposits	4,765.2	670.4	947.8	1,153.5	799.6	255.5	-	8,592.0
Deposits from banks	-	-	517.4	-	-	-	-	517.4
Debt securities in issue	-	29.6	14.5	37.3	211.9	624.4	-	917.7
Subordinated liabilities	-	-	2.9	2.9	11.5	55.8	-	73.1
Total non-derivative financial liabilities	**4,765.2**	**700.0**	**1,482.6**	**1,193.7**	**1,023.0**	**935.7**	**-**	**10,100.2**
Off-balance sheet commitments								
Loan commitments given	-	83.3	376.0	-	-	-	-	459.3

	On demand	Not more than 3 months	Over 3 months but not more than 6 months	Over 6 months but not more than 1 year	Over 1 year but not more than 3 years	Over 3 years but not more than 5 years	Over 5 years but not more than 10 years	Total
As at 31 March 2025	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
Customer Deposits	3,246.5	1,228.3	1,037.9	1,153.2	813.9	227.9	-	7,707.7
Deposits from 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

Wholesale Credit Risk

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.

Jump to:

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 maximise an interest return, 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.

	FY26 £'m	FY25 £'m
Cash and balances at central banks	**2,670.6**	**1,945.3**
UK Gilts & T Bills	790.6	982.6
Covered Bonds	349.0	351.6
Residential Mortgage Backed Securities	76.0	50.3
Multilateral Development Bank and Government Sponsored Debt	30.0	-
Total debt instruments at FVOCI	**1,245.6**	**1,384.5**
Total debt instruments at amortised cost	**326.8**	**202.5**
Financial assets held for liquidity management	**4,243.0**	**3,532.3**

The £1.2bn (FY25: £1.4bn) of debt instruments held at FVOCI represents high quality liquid assets held to meet ongoing regulatory requirements.

The £327m (FY25: £203m) 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 £386k (FY25: £401k) is held against these assets, all of which are AAA or AA rated by major rating agencies. Of this, £57k (FY25: £32k) is held against the amortised cost assets and £329k (FY25: £369k) against the fair value through other comprehensive income assets.

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 Document, 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.

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) sensitivity. 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.

	FY26 £'m	FY25 £'m
EV: impact of increase in rates	0.1	0.4
EV: impact of decrease in rates	(0.1)	(0.5)
NII: impact of increase in rates	0.9	0.6
NII: impact of decrease in rates	(0.9)	(0.6)

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 income statement.

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 income statement 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 income statement, 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 of portion of its floating rate financial liabilities, a cash flow hedge can be used, this is aligned with the Group'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 income statement. The carrying value of the hedged item is not adjusted. Amounts accumulated in equity are transferred to the income statement 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

Atom does not have a policy of trading derivatives. 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)

The following table sets out the derivative instruments held:

	FY26			FY25		
	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	6,584.0	43.9	-	7,014.2	50.9	(0.2)
Cash flow hedges						
Interest rate swaps	125.0	3.3	-	125.0	4.9	-
Total derivatives designated as hedging instruments	**6,709.0**	**47.2**	**-**	**7,139.2**	**55.8**	**(0.2)**
Derivatives in economic and not accounting hedges						
FX forward	3.5	-	(0.1)	6.9	-	-
Total derivatives held for hedging purposes	**6,712.5**	**47.2**	**(0.1)**	**7,146.1**	**55.8**	**(0.2)**

25. Derivatives held for hedging purposes (continued)

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.

The Group also applies micro cash flow hedge accounting to non-GBP denominated highly probably forecast transactions. These forecast transactions are designated in the hedge relationship alongside forward contracts that have been transacted to economically hedge the non-GBP denominated forecast transactions.

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 income statement 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)

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

	Nominal amount of the hedging instrument	Carrying Amount (asset/(liability))	Changes in fair value used for calculating hedge ineffectiveness (income/(charge))
	£'m	£'m	£'m
As at 31 March 2026			
Fair value hedges			
Derivatives held to hedge fixed rate deposits	1,962.0	(3.6)	(5.3)
Derivatives held to hedge fixed rate loans and advances to customers	4,217.0	45.0	8.0
Derivatives held to hedge fixed rate securities	385.0	3.0	1.9
Derivatives held to hedge fixed rate liabilities	20.0	(0.4)	(0.1)
Cash flow hedges			
Derivatives held to hedge floating rate liabilities	125.0	3.3	(1.0)
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 to hedge fixed rate securities	325.0	1.7	(0.6)
Derivatives held 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)

25. Derivatives held for hedging purposes (continued)

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

	Nominal amount of the hedging item	Accumulated amount of fair value adjustments on the hedged item (asset/(liability))	Line item in the statements of financial position where the hedging item is included	Changes in fair value used for calculating hedge ineffectiveness (income/(charge))
	£'m	£'m		£'m
As at 31 March 2026				
Fair value hedges				
Fixed rate deposits	1,962.0	3.2	Customer deposits	5.2
Fixed rate loans and advances to customers	4,217.0	(25.0)	Loans and advances to customers	(6.7)
Fixed rate securities	385.0	(2.6)	Debt instruments at fair value through other comprehensive income	(3.0)
Fixed rate liabilities	20.0	0.5	Subordinated liability	0.1
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

For Cash flow hedge relationships, the change in fair value of the hedged item in the year used for ineffectiveness measurement is £(1.1)m (FY25: £(1.3)m) all of which is a continuing hedge accumulated within the cash flow hedge reserve, in equity.

25. Derivatives held for hedging purposes (continued)

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

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.

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.

As at 31 March 2026	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	359.0	740.0	738.0	101.0	24.0	-	1,962.0
Derivatives held to hedge fixed rate loans and advances to customers	195.0	369.0	472.0	1,954.0	1,150.0	77.0	4,217.0
Derivatives held to hedge floating rate liabilities	-	-	-	125.0	-	-	125.0
Derivatives held for to hedge fixed rate liabilities	-	-	-	-	20.0	-	20.0
Derivatives held for to hedge fixed rate securities	-	-	155.0	35.0	100.0	95.0	385.0
Total	**554.0**	**1,109.0**	**1,365.0**	**2,215.0**	**1,294.0**	**172.0**	**6,709.0**

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 liabilities	-	-	-	-	20.0	-	20.0
Derivatives held for to hedge fixed rate securities	-	-	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**

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 2026							
Assets	3.6	5.0	8.0	25.0	4.7	0.9	47.2
Liabilities	-	-	(0.1)	-	-	-	(0.1)
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)

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	Amounts offset	Net amounts reported on the balance sheet	Related amounts not offset: Cash collateral placed	Net amount
	£'m	£'m	£'m	£'m	£'m
As at 31 March 2026					
Derivative Financial Assets	58.3	(11.1)	47.2	10.4	57.6
Derivative Financial Liabilities	(11.2)	11.1	(0.1)	-	(0.1)
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)

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.

The tables in note 26 and note 27 have been enhanced to present the classification of fair values in accordance with the hierarchy set out above, and the comparative figures have been adjusted accordingly.

As at 31 March 2026	Level 1 £'m	Level 2 £'m	Level 3 £'m	Total £'m
Assets				
Debt instruments at FVOCI				
UK Gilts	790.6	-	-	790.6
Covered Bonds	349.0	-	-	349.0
Residential Mortgage-Backed Securities	-	76.0	-	76.0
Multilateral Development Bank and Government Sponsored Debt	-	30.0	-	30.0
Derivatives held for hedging purposes				
Interest rate	-	47.2	-	47.2
Total	**1,139.6**	**153.2**	**-**	**1,292.8**
Liabilities				
Derivatives held for hedging purposes				
Foreign exchange forward contracts	-	(0.1)	-	(0.1)
Total	**-**	**(0.1)**	**-**	**(0.1)**

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	**1,334.2**	**106.1**	**-**	**1,440.3**
Liabilities				
Derivatives held for hedging purposes				
Interest rate	-	(0.2)	-	(0.2)
Total	**-**	**(0.2)**	**-**	**(0.2)**

UK Gilts and covered bonds are valued using quoted market prices and are therefore classified as Level 1 assets. Residential mortgage-backed securities and multilateral development bank and government sponsored debt are valued using observable market data and due to limited exchange activity, are categorised as Level 2 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.

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

As at 31 March 2026	Carrying value £'m	Fair value Level 1 £'m	Level 2 £'m	Level 3 £'m	Total £'m
Assets					
Loans and advances to customers					
Mortgages	4,558.6	-	-	4,538.0	4,538.0
BBSL	1,069.6	-	-	1,068.5	1,068.5
BBUL	179.3	-	-	177.3	177.3
Debt Instruments held at amortised cost	326.8	184.9	140.4	-	325.3
Liabilities					
Customer deposits					
Instant access saver deposits	4,706.8	-	4,706.8	-	4,706.8
Fixed rate saver deposits	3,640.8	-	3,642.8	-	3,642.8
Borrowings from central banks	515.9	515.9	-	-	515.9
Debt securities in issue	792.2	-	795.8	-	795.8
Subordinated liability	50.2	-	-	57.1	57.1

As at 31 March 2025	Carrying value £'m	Fair value Level 1 £'m	Level 2 £'m	Level 3 £'m	Total £'m
Assets					
Loans and advances to customers					
Mortgages	4,219.8	-	-	4,235.0	4,235.0
BBSL	834.3	-	-	809.3	809.3
BBUL	247.4	-	-	243.3	243.3
Debt Instruments held at amortised cost	202.5	80.5	122.1	-	202.6
Liabilities					
Customer deposits					
Instant access saver deposits	3,185.9	-	3,185.9	-	3,185.9
Fixed rate saver deposits	4,352.8	-	4,360.3	-	4,360.3
Borrowings from central banks	358.2	358.2	-	-	358.2
Debt securities in issue	601.9	-	606.4	-	606.4
Subordinated liability	50.1	-	-	52.1	52.1

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 portfolio, BBUL and BBSL fair values are broadly in line with the carrying values.

Fixed rate customer deposits have a higher fair value as current market rates are lower than the weighted average of the portfolio. 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.

Capital

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

To date this has been predominantly achieved through equity issuances to investors. 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), AT1 and Tier 2 qualifying subordinated debt.

Atom refreshes its ICAAP annually, which includes a five-year forecast of the Group's capital position under baseline and stressed conditions. The ICAAP 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.

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 share 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)	Preference shares (£1 each)	Share premium	Total share capital and share premium
		£'m	£'m	£'m	£'m
As at 1 April 2025	**939,428,404**	**-**	**0.1**	**128.9**	**129.0**
Issued to staff under share incentive plans	573,330	-	-	-	-
Issue of bonus shares	18,798,094,728,266	188.0	-	-	188.0
Share capital reduction	(18,798,094,728,266)	(188.0)	-	-	(188.0)
As at 31 March 2026	**940,001,734**	**-**	**0.1**	**128.9**	**129.0**

	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**	**-**	**-**	**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**

All 940,001,734 (FY25: 939,378,404) Ordinary shares have been issued fully paid and have full voting rights, dividend, and capital distribution rights.

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.

During the year, the Company executed a share capital reduction for the purpose of creating distributable reserves to support future dividend distributions, including those relating to the AT1 instrument. As a result 18,798,094 million bonus shares were issued, funded through a capitalisation of retained earnings. Following this issuance, the shares were subsequently cancelled via a court-approved reduction of capital in accordance with the provisions of the Companies Act 2006.

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30. Other equity instruments

Accounting for other equity instruments

Other equity instruments comprise of Additional Tier 1 (AT1) capital securities issued by Atom Holdco plc. These securities are perpetual with no fixed maturity and are classified as equity as there is no contractual obligation to deliver cash or another financial asset to the note holders.

The proceeds from the issuance are recorded in equity, net of directly attributable transaction costs. Discretionary coupon payments are treated as distributions of profits and therefore are recognised directly in the Statement of Changes in Equity upon payment.

The following table summarised the AT1 securities issued by the Group:

Description of security	Issue date	Original principal amount	Coupon rate
		£'m	%
Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities	13 November 2025	50.0	9.50

Other equity instruments are reported net of £0.9m transaction costs.

The securities constitute direct, unsecured, and subordinated obligations of the Issuer, ranking junior to the claims of Senior Creditors, including holders of Tier 2 capital instruments, but ahead of the claims of holders of ordinary shares. Interest is payable semi-annually, though these coupons are fully discretionary and the Group may elect to cancel any payment, in whole or in part, at any time. Such cancellation becomes mandatory if the payment, when aggregated with other distributions, exceeds "Distributable Items" or results in a breach of the Maximum Distributable Amount as required by the PRA. Any cancelled interest is non-cumulative, meaning it does not accumulate or constitute an event of default, and the Issuer retains the right to use such funds without restriction.

The securities are subject to an automatic write-down trigger whereby the entire principal amount will be irrevocably reduced to zero and the securities cancelled if the Group's CET1 ratio falls below 7.00%. While the instruments have no fixed maturity, they are redeemable at the Issuer's option—subject to Supervisory Permission from the PRA—on any day between 13 November 2030 and the First Reset Date of 13 May 2031, or on any Reset Date thereafter.

31. Other reserves

Other reserves of £50.3m (FY25: £47.8m) primarily relate to equity settled share-based payments of £47.8m (FY25: £45.3m). See note 6 for further information.

	FY26 £'m	FY25 £'m
Fair value reserve	1.5	0.4
Cash flow hedge reserve (note 25)	2.4	3.5
Share based payment reserve	47.8	45.3
Other reserves and treasury shares	(1.4)	(1.4)
Total other reserves	**50.3**	**47.8**

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

32. 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 2026 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.

	FY26 £'m	FY25 £'m
Shareholders' equity per the statement of financial position	**503.3**	**423.9**
Less other equity instruments not eligible as CET1	(49.1)	-
Less preference shares not eligible as CET1	(0.1)	(0.1)
Regulatory adjustments		
Intangible assets	(37.6)	(38.0)
Deferred tax assets that rely on future profitability	(49.2)	(29.1)
IFRS9 transitional adjustment	-	3.0
Prudential valuation adjustment	(1.3)	(1.3)
Fair value reserves related to gains or losses on cash flow hedges	(2.4)	(3.5)
Common Equity Tier 1 capital	**363.6**	**354.9**
Other equity instruments	49.1	-
Tier 1 capital	**49.1**	**-**
Eligible Tier 2 instruments	48.9	50.0
Tier 2 capital	**48.9**	**50.0**
Total capital	**461.6**	**404.9**
Risk weighted assets (RWAs)[1]	**2,739.7**	**2,378.0**
Common Equity Tier (CET1) ratio[1]	**13.3%**	**14.9%**
Total capital ratio[1]	**16.9%**	**17.0%**
Leverage ratio[1]	**5.4%**	**4.9%**

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 £461.6m (FY25: £404.9m) as a result of £50m of AT1 securities issued during the year and profit before tax of £9.4m.

Other

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

Jump to:

33. Other assets

	FY26 £'m	FY25 £'m
Cash collateral	44.5	52.5
Settlement and clearing accounts	14.6	10.0
Prepayments and other	11.4	8.7
Cash advanced to third parties	4.6	1.3
Accrued income	3.6	2.9
Total other assets	**78.7**	**75.4**

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.

Settlement and clearing account assets of £14.6m (FY25: £10m) relate to mortgage loans where cash is being held in escrow before completion.

34. 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: 7 years
- Office and IT equipment: 3 years
- Leasehold improvements: over the life of the lease
- 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 income statement 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.

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 38.

	Fixtures and Fittings	Office and IT Equipment	Right-of-use Assets	Leasehold Improvements	Land	Total
	£'m	£'m	£'m	£'m	£'m	£'m
Cost						
As at 1 April 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**
Additions	1.3	0.5	6.9	4.5	-	13.2
Disposals	(0.5)	(0.3)	(0.6)	-	-	(1.4)
As at 31 March 2026	**1.3**	**1.7**	**6.9**	**4.5**	**0.1**	**14.5**
Accumulated depreciation and impairment						
As at 1 April 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**
Depreciation charge	0.1	0.3	0.3	0.2	-	0.9
Eliminated on disposal	(0.5)	(0.3)	(0.6)	-	-	(1.4)
As at 31 March 2026	**0.1**	**1.1**	**0.2**	**0.2**	**-**	**1.6**
Net book value						
At 31 March 2026	**1.2**	**0.6**	**6.7**	**4.3**	**0.1**	**12.9**
At 31 March 2025	**-**	**0.4**	**0.1**	**-**	**0.1**	**0.6**

During the year, the Group entered into a new lease agreement for its head office at The Pattern Shop, Newcastle upon Tyne. This resulted in additions of £13.2m, comprising the recognition of a right-of-use asset and related leasehold improvements for structural changes to the property and furnishings.

In connection with this relocation, the Group derecognised assets totalling £1.4m. This primarily consists of £1.1m in right-of-use assets and fixtures and fittings associated with the former premises, alongside £0.3m in disposals of redundant or recycled IT equipment.

35. 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 prior financial year and have been acquired in alignment with the Group's Environmental, Social, and Governance (ESG) 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.

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 income statement in the period in which it is incurred. Development expenditure is also written off to the income statement, 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.

35. Intangible assets (continued)

	Banking License	Software	Carbon credits	Total
	£'m	£'m	£'m	£'m
Cost				
As at 1 April 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**
Additions	-	12.5	-	12.5
Disposals	-	-	-	-
At 31 March 2026	**0.9**	**119.0**	**0.1**	**120.0**
Accumulated amortisation and impairment				
As at 1 April 2024	**-**	**62.9**	**-**	**62.9**
Amortisation charge	-	13.4	-	13.4
Disposal	-	(6.8)	-	(6.8)
At 31 March 2025	**-**	**69.5**	**-**	**69.5**
Amortisation charge	-	12.9	-	12.9
Disposal	-	-	-	-
At 31 March 2026	**-**	**82.4**	**-**	**82.4**
Net Book Value				
As at 31 March 2026	**0.9**	**36.6**	**0.1**	**37.6**
As at 31 March 2025	**0.9**	**37.0**	**0.1**	**38.0**

Of the £12.5m (FY25: £9.7m) software additions in the accounting period, £12.2m (FY25: £8.3m) relates to internally generated additions.

36. Other liabilities

	Note	FY26 £'m	FY25 £'m
Accounts payable and sundry creditors		10.4	4.2
Accrued expenses		6.8	3.6
Payroll creditors		6.5	5.6
Corporation tax payable		-	0.3
Cash collateral		34.1	43.4
Lease liability		6.6	0.1
Provisions	37	0.9	0.9
Derivatives held for hedging purposes	25	0.1	0.2
Grants		-	1.6
Total other liabilities		**65.4**	**59.9**

Sundry creditors have increased to £10.4m (FY25: £4.2m) primarily due to timing of funds in transit clearing in the year.

Accrued expenses increased by £3.2m to £6.8m due to variations in the timing of supplier invoices. Payroll creditors include £4.6m (FY25: £3.9m) 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.

The lease liability of £6.6m (FY25: £0.1m), is driven by the execution of the lease associated with the Pattern Shop, following the relocation of the Group's head office.

37. 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 2024	**0.5**	**0.3**	**0.8**
Amounts utilised	-	(0.1)	(0.1)
(Credited)/charged to the income statement	(0.1)	0.3	0.2
At 31 March 2025	**0.4**	**0.5**	**0.9**
Amounts utilised	-	(0.4)	(0.4)
Amounts charged to right-of-use asset	-	0.3	0.3
(Credited)/Charged to the income statement	(0.1)	0.2	0.1
At 31 March 2026	**0.3**	**0.6**	**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 amounts, for which a future obligation exists as at the end of the reporting period.

38. 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.

	FY26 £'m	FY25 £'m
Not more than one year	0.4	0.1
Over one year but not more than five years	2.9	-
Later than 5 years	7.1	-
Total undiscounted lease liabilities as at 31 March	**10.4**	**0.1**

The total undiscounted lease liability has increased to £10.4m (FY25: £0.1m) due to the new lease agreement entered during the year.

39. Related party transactions

(i) Key management personnel

Key management personnel are the Board and ExCo, 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)	FY26 £'m	FY25 £'m
Wages and salaries	2.4	2.2
Share based payments	0.4	1.0
Pension costs	0.2	0.1
Total	**3.0**	**3.3**

There were an average of 8 (FY25: 8) members of ExCo during the year.

Directors emoluments	FY26 £'m	FY25 £'m
Wages and salaries	2.1	1.9
Share based payments	0.3	0.6
Total	**2.4**	**2.5**

Highest paid director	FY26 £'m	FY25 £'m
Wages and salaries	0.8	0.7
Share based payments	0.2	0.4
Total	**1.0**	**1.1**

One director (FY25: One) accrued retirement benefits under the defined contribution scheme. Two directors (FY25: Two) received share-based payments as part of their remuneration. No directors exercised share options during the year (FY25: 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 Pattern Shop, Sussex Street, Newcastle Upon Tyne, England, NE1 3PD
Indirect holdings		
Atom EBT Limited	100% Ordinary shares	The Pattern Shop, Sussex Street, Newcastle Upon Tyne, England, NE1 3PD
Associated undertakings		
Atom Bank Employee Benefit Trust	Employee trust	The Pattern Shop, Sussex Street, Newcastle Upon Tyne, England, NE1 3PD
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
Elvet Mortgages 2026-1 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 four consolidated structured entities, Elvet Mortgages 2021-1, Elvet Mortgages 2023-1 plc, Elvet Mortgages 2025-1 plc and Elvet Mortgages 2026-1 plc which are included above.

Financial Statements of Atom Holdco plc

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Primary statements

Notes to the financial statements

Statement of financial position
As at 31 March 2026

As at 31 March	Note	FY26 £'m	FY25 £'m
Non current assets			
Investment in subsidiary	2	453.6	386.3
Current assets			
Loan to group undertakings	3	50.7	50.6
Total assets		**504.3**	**436.9**
Long term liabilities			
Subordinated liability	3	50.7	50.6
Net assets		**453.6**	**386.3**
Equity			
Share capital and share premium	4	130.6	130.6
Other equity instruments	5	49.7	-
Merger reserve	2	22.3	210.3
Share based payment reserve	6	47.9	45.4
Retained earnings		203.1	-
Total equity		**453.6**	**386.3**

The Company's profit after taxation for the financial year was £15.1m (FY25: £Nil). The Company had no employees during the year, and no staff costs.

The notes and information on pages 140 to 145 form part of the financial statements. The financial statements from pages 139 to 145 were approved by the Board of Directors on [date] and signed on its behalf by:

Mark Mullen
Chief Executive Officer
17 July 2026

Andrew Marshall
Chief Financial Officer
17 July 2026

Statement of Changes in Equity

	Share capital and share premium £'m	Other equity instruments £'m	Merger reserve £'m	Share based payment reserve £'m	Retained earnings £'m	Total Equity £'m
Balance as at 1 April 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**
Issue of other equity instruments, net of transaction costs	-	49.7	-	-	-	49.7
Share schemes – value of employee services	-	-	-	2.5	-	2.5
Issue of bonus shares	188.0	-	(188.0)	-	-	-
Share capital reduction	(188.0)	-	-	-	188.0	-
Profit for the year	-	-	-	-	15.1	15.1
Balance as at 31 March 2026	**130.6**	**49.7**	**22.3**	**47.9**	**203.1**	**453.6**

1. Summary of significant 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 private company, limited by shares and is incorporated and registered in the United Kingdom.

The registered address of Atom Holdco plc is The Pattern Shop, Sussex Street, Newcastle Upon Tyne, England, NE1 3PD.

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
- 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.

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.

Auditors fees payable in relation to the audit of the financial statements of the Parent company are £52k (FY25: £50k), 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 its 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.

As at 31 March 2026 the investment in subsidiary comprises the following:

	£'m
At 1 April 2024	**380.2**
Additions (note 6)	6.1
At 31 March 2025	**386.3**
Additions (note 6)	2.5
Other additions	64.8
At 31 March 2026	**453.6**

Other additions of £64.8m comprise of a £49.7m AT1 instrument issued by Atom bank plc and £15.1m investment in Atom bank plc, arising from ordinary share issuances. The intra-group AT1 instrument was issued on a back-to-back basis following an external AT1 market issuance by Atom Holdco plc in November 2025. The terms and conditions of the instrument issued by Atom bank plc are identical in all respects to the terms of the external market issuance (note 5).

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

The registered address of Atom bank plc is The Pattern Shop, Sussex Street, Newcastle Upon Tyne, England, NE1 3PD.

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 2026 the Company had the following subordinated liability:

	Total £'m
Principal	50.0
Transaction costs	(0.7)
Interest expense accrual	1.3
At 31 March 2025	**50.6**
Principal	50.0
Transaction costs	(0.6)
Interest expense accrual	1.3
At 31 March 2026	**50.7**

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 that their issue proceeds net of transaction costs incurred. This is subsequently stated at amortised cost using the effective interest rate method.

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4. 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)	Preference shares (£1 each)	Share premium	Total share capital and share premium
		£'m	£'m	£'m	£'m
As at 1 April 2025	**939,428,404**	**-**	**0.1**	**130.5**	**130.6**
Employee shares	573,330	-	-	-	-
Issue of bonus shares	18,798,094,728,266	188.0	-	-	188.0
Share capital reduction	(18,798,094,728,266)	(188.0)	-	-	(188.0)
As at 31 March 2026	**940,001,734**	**-**	**0.1**	**130.5**	**130.6**

	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**

All 940,001,734 Ordinary shares (FY25: 939,378,404) have been issued fully paid and have full voting rights, dividend, and capital distribution rights.

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.

During the year, the Company issued 18,798,094 million bonus shares, funded through a capitalisation of the merger reserve. Following this issuance, the shares were subsequently cancelled via a court-approved reduction of capital in accordance with the provisions of the Companies Act 2006. The share capital reduction was executed for the purposes of creating distributable reserves to support future dividend distributions, including those related to the AT1 instrument.

5. Other equity instruments

Accounting for other equity instruments

Other equity instruments comprise of Additional Tier 1 (AT1) capital securities issued by Atom holdco plc. These securities are perpetual with no fixed maturity and are classified as equity as there is no contractual obligation to deliver cash or another financial asset to the note holders.

The proceeds from the issuance are recorded in equity, net of directly attributable transaction costs. Discretionary coupon payments are treated as distributions of profits and therefore are recognised directly in the Statement of Changes in Equity upon payment.

The following table summarised the AT1 securities issued by the Company:

Description of security	Issue date	Original principal amount	Coupon rate
		£'m	%
Fixed Rate Reset Perpetual Additional Tier 1 Write Down Capital Securities	13 November 2025	50.0	9.50

Other equity instruments are reported net of £0.3m transaction costs.

The securities constitute direct, unsecured, and subordinated obligations of the Issuer, ranking junior to the claims of Senior Creditors, including holders of Tier 2 capital instruments, but ahead of the claims of holders of ordinary shares. Interest is payable semi-annually, though these coupons are fully discretionary and the Company may elect to cancel any payment, in whole or in part, at any time. Such cancellation becomes mandatory if the payment, when aggregated with other distributions, exceeds "Distributable Items" or results in a breach of the Maximum Distributable Amount as required by the PRA. Any cancelled interest is non-cumulative, meaning it does not accumulate or constitute an event of default, and the Issuer retains the right to use such funds without restriction.

The securities are subject to an automatic write-down trigger whereby the entire principal amount will be irrevocably reduced to zero and the securities cancelled if the Group's CET1 ratio falls below 7.00%. While the instruments have no fixed maturity, they are redeemable at the Issuer's option—subject to Supervisory Permission from the PRA—on any day between 13 November 2030 and the First Reset Date of 13 May 2031, or on any Reset Date thereafter.

6. 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.

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	34	3 years
Annual performance share scheme (APSS) – 2015 to 2026	Annual performance award. APSS17 to 26 includes a HMRC approved Company Share Option Plan	0.001	7 years
Long term incentive scheme (LTIP)	A retention scheme put in place for a limited number of senior staff	64	5 years
Joint share ownership plan (JSOP)	This is an executive scheme implemented for several of Atom's founders	0.001	1 years

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

During the year, the Company extended the contractual expiry date for certain share options held by current employees of its subsidiary. The extension of the expiry date resulted in no incremental fair value, and no adjustment to the investment in subsidiaries or share-based payment reserve was required.

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 2026 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:

- the consolidated statement of financial position as at 31 March 2026;
- the company statement of financial position as at 31 March 2026;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the company statement of changes in equity for the year then ended;
- the 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 (company)

Materiality

- Overall group materiality: £5.00m (FY25: £4.2m) based on 1% of Net Assets.
- Overall company materiality: £4.75m (FY25: £4.3m) based on 1% of Total Assets, capped to 95% of overall group materiality.
- Performance materiality: £3.75m (FY25: £3.2m) (group) and £3.5m (FY25: £3.2m) (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. The relevant disclosures and accounting policies used by management are disclosed in the Note 8: 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, 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 significant assumptions used to value the asset. We obtained and evaluated the deferred tax asset calculations to assess the mathematical and mechanical accuracy 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 judgmental 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. Modelling methodologies are used to estimate ECL. Our audit focused on the significant assumptions for which variations had the most material impact on ECL. We consider forward looking economic assumptions and the weighting assigned to these scenarios to be significant in the determination of ECL. The relevant disclosures and accounting policies used by management are disclosed in the Note 10: Managing Credit Risk.	We engaged the support of our credit risk modelling specialists and economic experts to critically assess the appropriateness of the ECL provision. *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 direction and magnitude of the scenarios to identify if they are proportionate to the realised shocks and if they reasonably capture the current economic uncertainty and tail risks associated with downside scenarios. *Model methodology and implementation* We critically assessed the appropriateness of the methodology used in the in-scope impairment models and evaluated compliance with IFRS 9 requirements. 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 assessed and tested the accuracy of the results of model monitoring performed by management. 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 (company) 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 2: 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. 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, Elvet Mortgages 2025-1 plc and Elvet Mortgages 2026-1 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	£5.00m (FY25: £4.2m)	£4.75m (FY25: £4.3m)
How we determined it	1% of Net Assets	1% of Total Assets but capped at 95% of Group materiality
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 £2.6m to £4.75m. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

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% (FY25: 75%) of overall materiality, amounting to £3.75m (FY25: £3.2m) for the group financial statements and £3.5m (FY25: £3.2m) 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 £250,000 (group audit) (FY25: £210,000) and £230,000 (company audit) (FY25: 210,000) 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 2026 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.

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

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 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. 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.

Independent auditors' report to the members of Atom Holdco plc

Report on the audit of the financial statements (continued)

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
17 July 2026

Atom bank