

Department of the Treasury, Departmental Offices
Supporting Statement and Request for Clearance
SBLF Supplemental Report
OMB No. 1505-0228

1. Circumstances necessitating the collection of information

Once accepted into the SBLF program, the participating bank is required to submit a Supplemental Report each quarter. The Supplemental Report serves two purposes.

1. When a bank first joins the SBLF program the Supplemental Report is used to determine the bank's small business lending baseline. The baseline is the bank's historical amount of small business lending for the period August 2009 to June 2010. The program considers a bank's increases in small business lending against this historical baseline. In addition, a bank's initial dividend rate is determined based on the increase in small business lending (over this baseline) in the quarters since June 2010.
2. Every quarter thereafter, the bank files a Quarterly Supplemental Report so that Treasury can assess the change in the small business lending for the previous quarter. That change from the historical baseline is used to set the dividend rate for the next quarter after the one in which the report is received in.

2. Use of the data

The Quarterly Supplemental Report is used by Treasury to set the dividend rate paid by the bank. Increases in the dividend rate is the primary incentive of the program to encourage small business lending. If a bank increases small business lending by 10%, it could see its dividend rates drop to 1 percent. Failure to increase small business lending after two years could cause a bank's dividend rate increase to 7 percent.

3. Use of information technology

The Supplemental Report is a fillable PDF file. We expect that the Supplemental reporting process will eventually be automated by many participating banks. We specially designed the Supplemental report to mirror existing reports (see below) that the banks provide their Federal regulators. Depending on the number of SBLF participants, it is likely that software vendors who develop off-the-shelf banking systems will develop modules that automatically generate the data of the quarterly Supplemental Report.

4. Efforts to identify duplication

For Quarterly Supplemental Report:

The Supplemental Report was specially designed to mirror the quarterly Call Reports that each bank files with their federal regulator. The visual appearance, data categories, format

and reporting periods are similar. The detailed data used by the bank for its Call Report can be easily transferred to the Supplemental Report. Note that there is an important difference between the reports: the legislation defines small business lending in a manner that does not precisely match the data reported on the Call Report. This necessitated the creation of a separate Supplemental Report for the SBLF program.

However, to the fullest extent, we matched the data elements the Supplemental Report to detailed data used by the bank in the preparation of its Call Report in order to minimize the bank's effort in completing the Supplemental Report.

5. Impact on small entities

The Small Business Lending Fund is intended for banks with total assets of less than \$10 billion and small businesses as defined in the legislation.

6. Consequences of less frequent collection and obstacles to burden reduction

Data collected in the Supplemental Report is required by the legislation. The information must be collected for interested banks to participate in the program and receive capital intended to increase small business lending. In addition, the Supplemental Report is the only method by which Treasury can confirm the bank's actual increase in small business lending – the intent of the legislation.

7. Circumstances requiring special information collection

Not applicable.

8. Solicitation of comments on information collection

Treasury has engaged a marketing firm with significant experience in the banking industry. The firm has made a special effort to simplify and reduce the data collection burden.

In designing the Supplemental Report, the firm engaged a number of experts with experience with the Call Reports required by the Federal banking regulators. This enabled the design of a Supplemental Report that leveraged the data collection processes already in place in the banks.

A 60-day notice was published in the *Federal Register* on September 29, 2011, at 76 FR 60600 and no comments were received.

9. Provision of payments to recordkeepers

Not applicable.

10. Assurance of confidentiality

Any confidential information provided voluntarily by SBLF recipients will be maintained as confidential consistent with applicable provisions of the Trade Secrets Act and Freedom of Information Act.

11. Justification of sensitive questions

Not applicable.

12. Estimated burden of information collection

Supplemental Report

Estimated number of respondents: 332

Estimated frequency of response: Once at outset, each quarter thereafter for the period the respondent is in the program

Estimated burden hours per respondent (first year): 16 hrs. (4hrs per quarter x 4)

Estimated burden hours per respondent (2nd year): 16 hrs (4hrs per quarter x 4)

Estimated burden hours per respondent (3rd year): 8 hrs (4hrs per quarter x 2)

The average hours per response is 4; with the total annual burden of 5,312.

13. Estimated total annual cost burden to respondents

Assuming the average cost of a bank employee is \$85 per hour, the total cost burden for a participating bank is as follows:

Total annual cost burden (first year)

16 hrs x \$85/hr = \$1,360

Total annual cost burden (second year)

16 hrs x \$85/hr = \$1,360

Total annual cost burden (third year)

16 hrs x \$85/hr = \$1,360

The collection of the information contained in the Supplemental Report creates a direct benefit to the bank in the form of low cost capital. If a bank increases its small business lending, it can receive the benefit of a 1-percent coupon rate on millions of dollars of capital. In choosing to participate in the SBLF program, the bank has determined the benefit of this low cost capital for small business lending exceeds the cost of data reporting.

14. Estimated cost to the federal government

The collection of the information contained in the Supplemental Report is essential for the execution of the SBLF program as defined in the legislation. The information collected creates direct benefit to the bank (lower coupon rate) and to the public (increased small business lending and employment). The cost to the Federal Government of collecting and processing this information is embedded in the overall administration of the program and cannot be isolated.

15. Reasons for change in burden

The application period has concluded and the information collection requirements consist of quarterly supplemental reporting.

16. Plans for tabulation, statistical analysis and publication

Not applicable.

17. Reasons why displaying the OMB expiration date is inappropriate

The OMB control number will be displayed in the interim rule.

18. Exceptions to certification requirement of OMB Form 83-I

Not Applicable.