

Examiner Prep Guide

What Regulators Are Asking About AI in 2026

For Community Banks & Credit Unions
PentEdge LLC — AI with Guardrails™
Confidential — 2026

Why This Guide Exists

Regulatory expectations for AI governance at community banks and credit unions are accelerating. OCC, FDIC, Federal Reserve, NCUA, and state regulators have each issued guidance — and examiners are beginning to ask pointed questions during safety and soundness and IT examinations.

Most community institutions are not ready. Not because they haven't been paying attention, but because the documentation, inventory, and governance infrastructure expected by examiners has not yet been built.

This guide walks through what examiners are asking, what they're looking for, and how to prepare. Every item maps to documentation that AIMS™ produces automatically.

REGULATORY CONTEXT

The Guidance Landscape in 2026

The following regulatory guidance documents form the foundation of examiner expectations for AI governance. Institutions should be prepared to demonstrate alignment with each.

Regulator / Framework	Key Document	Core Requirement
OCC	OCC Bulletin 2023-17	Risk management framework for AI/ML models; vendor oversight; board reporting
FDIC	FIL-29-2024	AI governance policies; inventory management; consumer protection controls
Federal Reserve	SR 11-7 (extended to AI)	Model risk management; validation; documentation of model development and use
NCUA	NCUA AI Guidance 2024	AI tool inventory; member protection; fair lending; examiner documentation
CFPB	CFPB Circular 2022-3	Algorithmic decision-making in consumer credit; ECOA/adverse action compliance
NIST	NIST AI RMF	Risk categorization; trustworthy AI characteristics; governance and accountability
FinCEN	BSA/AML Guidance	AI use in AML/BSA monitoring; model transparency; audit trail requirements
NYDFS / State	DFS Circular 2024	AI governance for NY-chartered institutions; consumer fairness; third-party oversight

EXAMINER QUESTIONS

What Examiners Are Asking: AI Inventory & Oversight

These are the questions examiners have begun asking during IT and safety and soundness examinations. Green column shows what AIMS™ produces to answer each.

Examiner Question	What They're Looking For	How to Prepare
<i>"Can you provide a complete inventory of AI tools in use at your institution?"</i>	A documented, current list of every AI tool — approved and in use — with vendor, use case, and status.	AIMS™ AI Inventory Report: full list with vendor, tool name, use case, risk band, and compliance status.
<i>"How do you know employees aren't using unsanctioned AI tools?"</i>	Evidence of active monitoring for shadow AI usage across the institution.	AIMS™ agentless detection via M365 audit logs, OAuth grants, and network telemetry surfaces unauthorized tools automatically.
<i>"Who owns AI governance at your institution?"</i>	Named accountability — a person or committee with documented responsibility.	Governance ownership is documented in AIMS™ and reflected in every report and audit trail entry.
<i>"How frequently are AI tools reviewed for ongoing risk?"</i>	A documented review cadence tied to risk band: quarterly for high-risk, semi-annually for medium, annually for low.	AIMS™ enforces review cadences and generates alerts when reviews are overdue. Audit trail shows completion history.

What Examiners Are Asking: Risk Assessment & Controls

Examiner Question	What They're Looking For	How to Prepare
<i>"How do you assess the risk of AI tools before allowing them into production?"</i>	A structured, documented risk assessment process — not just an IT security review.	AIMS™ three-stage scoring: Inherent Risk → Mitigant Controls → Residual Risk, across five dimensions for every tool.
<i>"What controls are in place for high-risk AI tools?"</i>	Specific, documented controls: policies, human oversight, monitoring, vendor due diligence, training, audit.	AIMS™ Mitigant Controls assessment documents the six control categories and their effectiveness for each tool.
<i>"How are AI model changes or vendor updates managed?"</i>	A process to receive, assess, and document the impact of changes to AI models or vendor systems.	AIMS™ vendor update alerts and audit trail document the receipt and response to every vendor notification.

<i>“What is your fair lending exposure from AI tools?”</i>	Evidence that AI tools near credit decisioning have been assessed for disparate impact and fair lending risk.	AIMS™ Fair Lending Risk dimension scores each tool. Credit-related tools are flagged for heightened review.
--	---	---

What Examiners Are Asking: Documentation & Audit Trail

Examiner Question	What They’re Looking For	How to Prepare
<i>“Can you show me the governance decisions made about your AI tools over the past 12 months?”</i>	An immutable, dated record of governance reviews, decisions, and rationale.	AIMS™ immutable audit trail: every decision logged with who, when, what changed, and reasoning.
<i>“Has the board been informed about your institution’s use of AI?”</i>	Documented board-level briefing or reporting on AI usage, risk, and governance.	AIMS™ Board Report Package: executive summary, risk distribution, compliance status, and governance activity for board reporting.
<i>“What would happen if a key AI vendor experienced a security incident?”</i>	Evidence of vendor due diligence, contract review, and incident response planning for AI vendors.	AIMS™ VDD tracking, DHA/NDA status, and vendor risk scores provide the documentation baseline. Incident response integration is configurable.
<i>“How do you demonstrate compliance with OCC/FDIC/NCUA AI guidance?”</i>	Explicit mapping between governance documentation and the relevant regulatory guidance.	AIMS™ Examiner Risk Report maps outputs directly to OCC Bulletin 2023-17, FDIC FIL-29-2024, NCUA guidance, and SR 11-7.

EXAM PREPARATION

Documentation to Have Ready Before an Examination

Prepare the following before your next IT or safety and soundness examination. All items marked with ★ are generated automatically by AIMS™.

Document	Description	AIMS™
AI Tool Inventory	Complete list of AI tools: vendor, use case, status, risk band, compliance status	★ Auto-generated

Risk Assessment Records	Inherent risk, mitigant controls, and residual risk score for each tool	★ Auto-generated
Vendor Due Diligence Files	DHA, NDA, VDD documents with execution dates for all AI vendors	★ Tracked in AIMS™
Governance Decision Log	Immutable audit trail of all governance actions, reviews, and decisions	★ Auto-generated
Board Report	Executive summary of AI usage, risk distribution, and governance activity	★ Auto-generated
AI Governance Policy	Written policy approved by board or senior leadership governing AI use	Manual — prepare separately
Incident Response Plan	Documented response process for AI-related incidents	Manual — prepare separately
Staff Training Records	Evidence of AI acceptable use training completion	Manual — prepare separately

Training tells you what to do. AIMS™ helps you prove you did it.

Every document in this guide — the inventory, the risk scores, the audit trail, the board report, the examiner export — is generated automatically by AIMS™. Community financial institutions with \$500M to \$100B in assets can be fully examination-ready within 90 days of implementation.

Schedule a demo: lisa@thepentedge.com • thepentedge.com