

Update from the Iowa Division of Banking

idob.iowa.gov

ITA Fall Conference
October 21, 2026

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TODAY'S DISCUSSION

- Regulatory Landscape
- Data and Trends
- Artificial Intelligence
- Trust Examination Updates

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IDOB Changes to Trust Examination Process



- Roger Roland retired from the IDOB on September 30, 2026, after 33 years of service!
- Training trust specialists to assist Crystal Huisman
- Eventually, smaller and/or low complexity trust exams may be completed by regional specialists during S&S exams
- Considering other changes to the exam scope and process

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Federal and State Bank Regulatory Landscape

- Refocusing supervision on Core Financial Risks
- Right-sizing and tailoring regulation
- More open-minded approach to innovation and technology
- Improving the de novo and bank application process



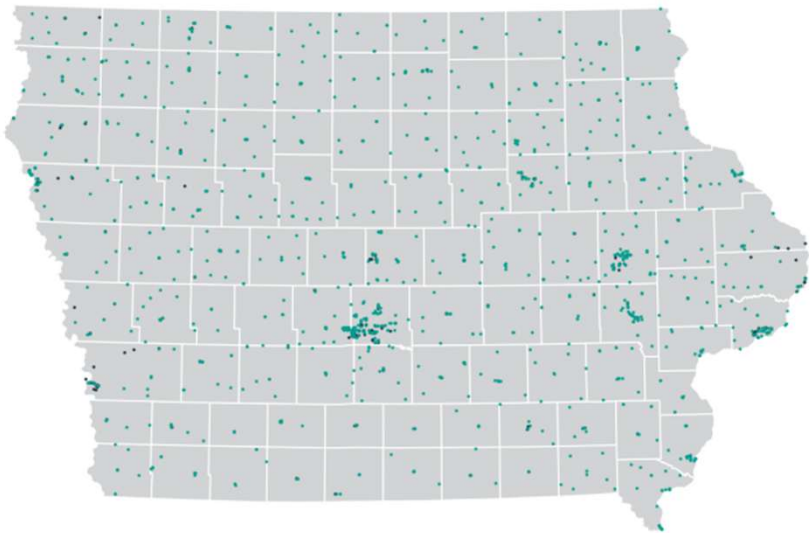
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Iowa Community Banks Matter!

Iowa

BANK BRANCHES IN IOWA

Chartered By: ● State ● Federal

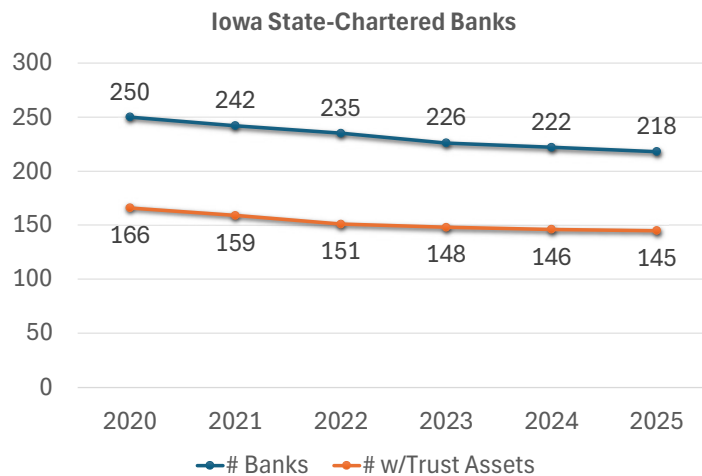


Iowa Bank Statistics (as of June 30th)

- There are 226 banks headquartered in Iowa, with 1,114 offices, and employing approximately 14,500 people.
- 213 (94%) of those are Iowa State-Chartered banks.
- Total assets range from \$17 million to \$9.8 billion.
- These banks account for \$79 billion in loans outstanding and \$92 billion in deposits held.

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The number of banks and trust departments continues to decline

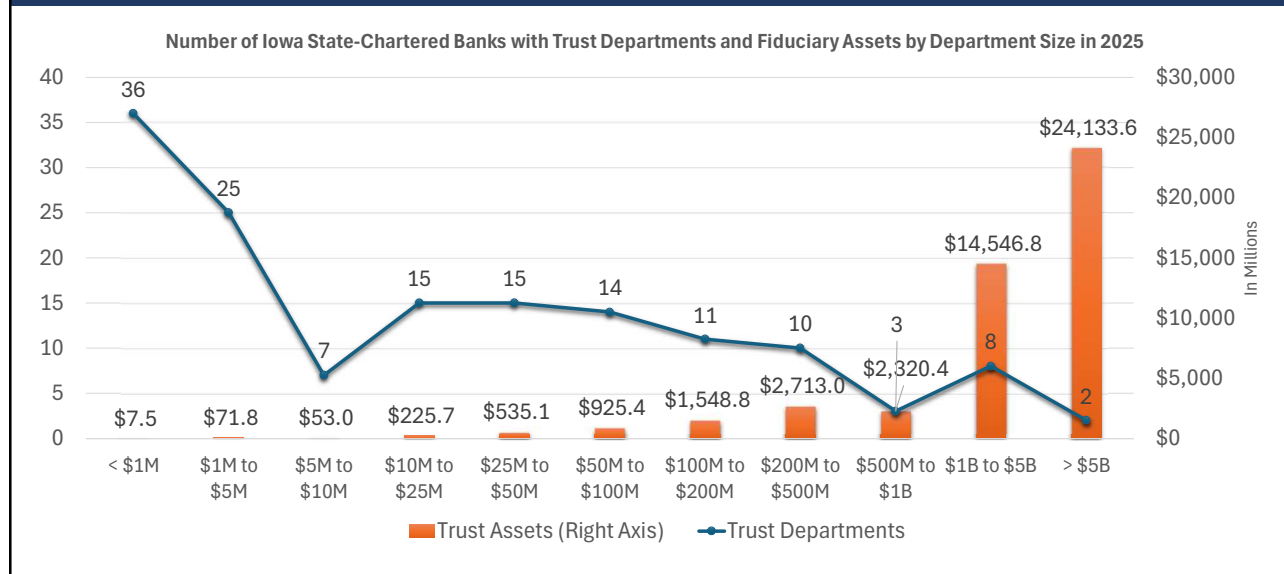


Continue to lose departments due to:

- Mergers and acquisitions
- Retirements without replacements
- Pushing accounts to successor trustees
- Right sizing the operation or getting out of the business
- Naturally losing accounts and not taking on new ones
- Becoming aware of liability in trust, thus choosing to vacate

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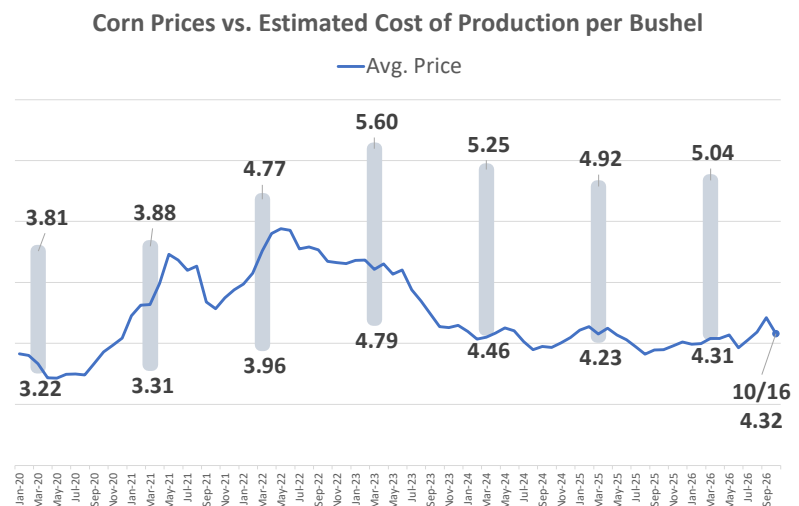
Number of Iowa State-Chartered Banks with Trust Departments and Fiduciary Assets by Department Size in 2025



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AGRICULTURE showing signs of stress

- Farm incomes stressed by weak margins in grain operations
- Third year in a row where estimated costs per bushel exceed prices
- Prices negatively impacted by strong production (supply), outpacing demand

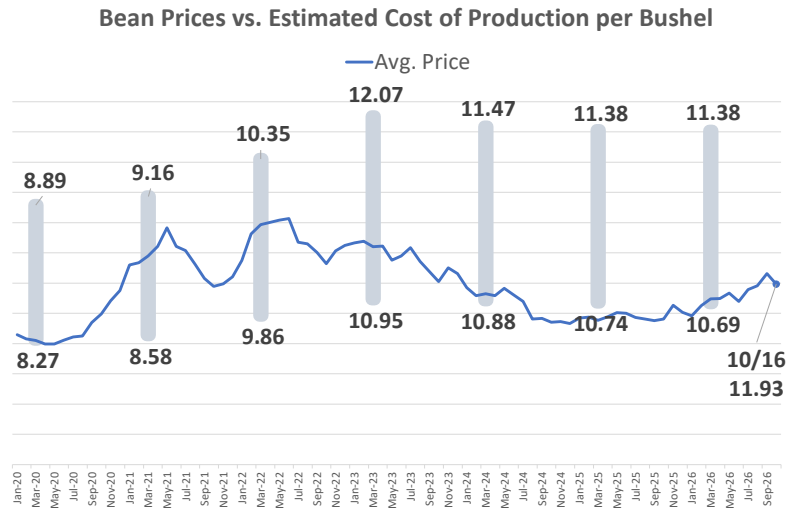


Source: Iowa Department of Agriculture and ISU Extension and Outreach

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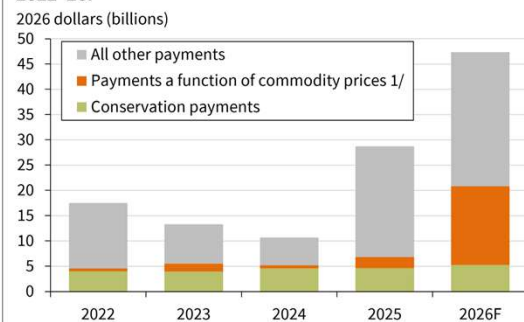


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AGRICULTURE showing signs of stress

- Direct Government farm payments are forecasted to be \$47.4 billion, a **\$19.5 billion (or 70%) increase** from 2025
- Significant increase in farm bill payments that are a function of commodity prices
- Modifications to ARC and PLC programs under the One Big Beautiful Bill Act account for **\$15.6 billion** of the total and **\$13.4 billion** of the overall increase.

Direct Government payments to U.S. farm producers, 2022–26F



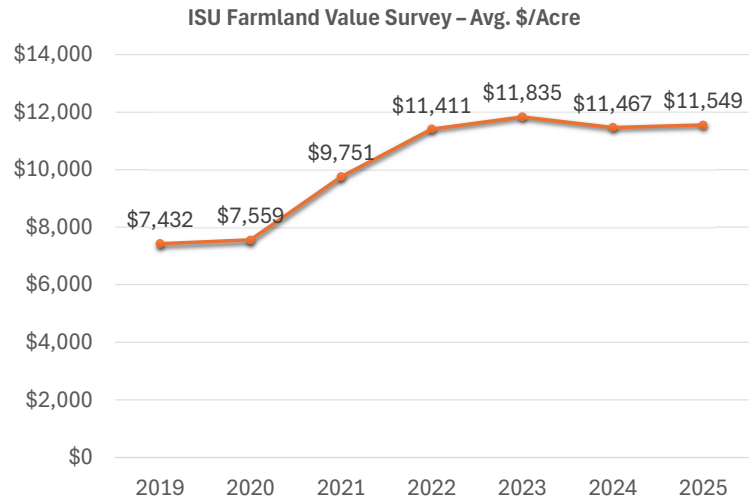
Note: F = forecast. Values are adjusted for inflation using the U.S. Department of Commerce, Bureau of Economic Analysis, Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2026 by USDA, Economic Research Service. 1/ Includes Price Loss Coverage, Agriculture Risk Coverage, loan deficiency payments (excluding grazeout payments), marketing loan gains, and Dairy Margin Coverage payments.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics. Data as of September 3, 2026.

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AGRICULTURE showing signs of stress

- Farmer balance sheets benefited from increases in farmland values
- 2025 reported a 0.7% increase
- ISU attributes slight uptick, primarily to limited land supply, with many survey respondents reporting fewer sales



Source: farmland.card.iastate.edu

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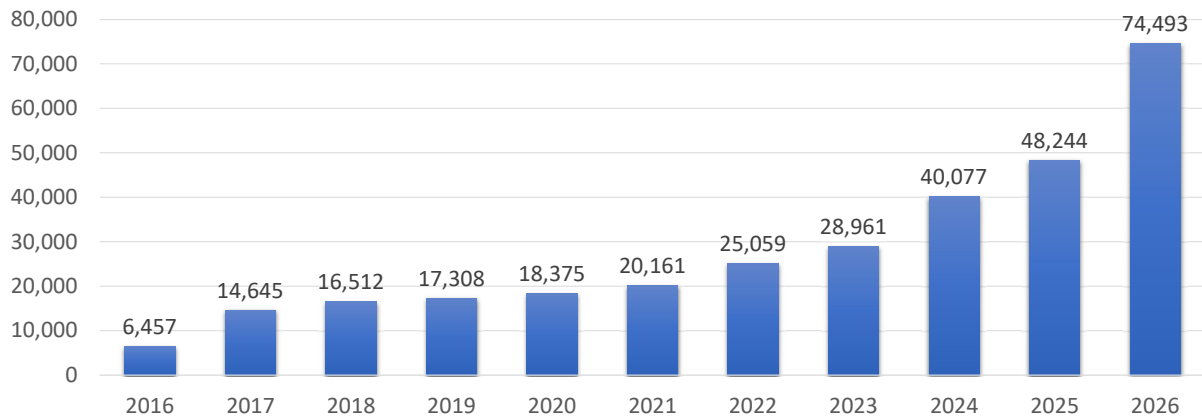
Iowa Bankruptcy Data – spike or return to normal?

	Chapter 7 (Liquidation)	Chapter 11 (Reorganization)	Chapter 12 (Farmers)	Chapter 13 (Repayment)
2018	4,033	21	13	519
2019	4,197	14	27	603
2020	3,335	8	37	377
2021	2,472	24	17	270
2022	1,902	22	6	323
2023	2,313	12	5	465
2024	2,660	22	7	482
2025	3,041	26	18	623

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A.I. in Banking: Opportunities, Threats, and Oversight

Total Reported Vulnerabilities (2016-2026)



Source: CVE Program - <https://www.cve.org/about/Metrics>

*as of 9/30/2026

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A.I. in Banking: Opportunities, Threats, and Oversight

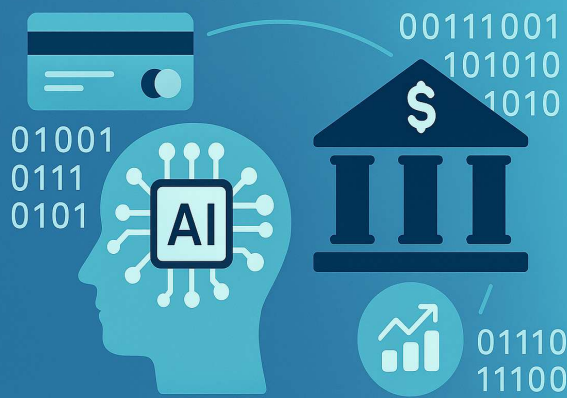
According to Iowa Division of Banking Information Technology Specialists

Banks are starting to use A.I., primarily Co-Pilot

Examples of things being used/tested:

- Drafting correspondence
- Documenting minutes
- Creating policies
- Financial analysis

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ARTIFICIAL INTELLIGENCE IN BANKING

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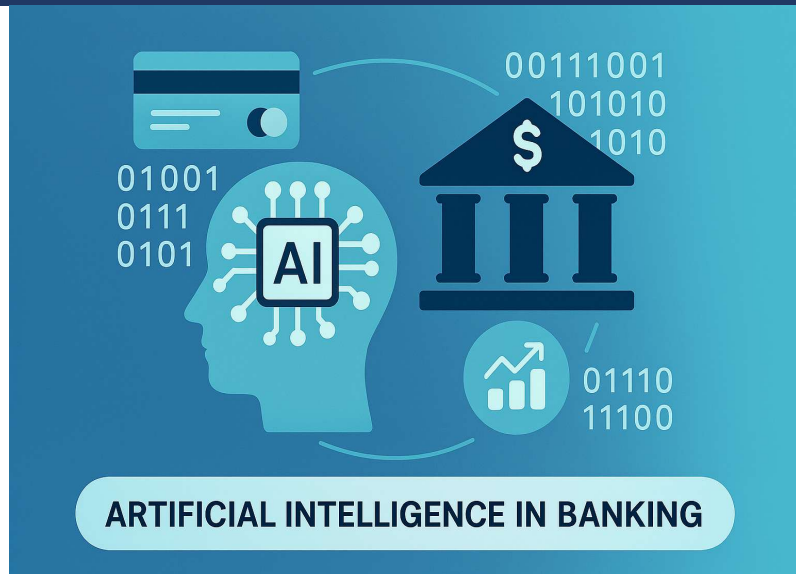
A.I. in Banking: Opportunities, Threats, and Oversight

According to Iowa Division of Banking Information Technology Specialists

Primary recommendations:

- Adopt A.I. acceptable use policies
- Ensure data security controls are implemented
- Consider an audit to confirm controls are in place and effective

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A.I. – what are we looking for on examinations?

Governance and Oversight

- Conduct risk assessments prior to implementation
- Adopt an acceptable use policy related to A.I.
- Train staff on it's use and validate outputs

Security Considerations

- Data loss prevention – controls that stop sensitive/internal data from leaving the network
- Access controls – regulating who can view or use resources

Vendor Management

- Monitor vendor use and controls around A.I.

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CSBS Artificial Intelligence Supervisory Framework

September 16, 2026

CSBS AI Framework

- Based on leading AI risk management resources including NIST and the U.S. Treasury Department.
- Designed to consider each institution's size, complexity, risk profile, and use of AI
- Financial institutions can use the framework to assess their own AI program

Can be found at: [CSBS.org](https://www.csbs.org) / Examiners / Supervisory Resources

Core Examiner Guide

Examiner Work Program

Nonbank AI Supplements

AI Use Case Risk Tiering Worksheet

The Source Support Document

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Iowa Division of Banking

Trust Examination Updates



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Current Topics



- Transactions with Bank Officers, Employees or Directors
 - Iowa Code §524.1002 Actions required, permitted or prohibited in a fiduciary capacity.
- Accounting to Qualified Beneficiaries
 - Iowa Trust Code §633A.4213 Duty to inform and account.
- Use of Own-bank funds for Sweep
- Own-bank loans

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Current Topics



- Non-director, non-employees serving on committees (non-voting only)
 - Iowa Code §524.609 and §524.614
- Annual Review Process
- Investment Objectives
- Succession Planning
- Procedures Manuals

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2025 Follow Up

- Pre-Acceptance Review
- Sub-Committees
- Employees acting in an individual fiduciary capacity
 - Iowa Code §524.710
- Audit Scope & Tracking
- Title of Accounts and RC-T Slotting
- Trust Property Leases, Insurance, Inspections, Insureds
- Investment Review & Investment Objectives
- Unique & Manually Priced Assets

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Discretionary Distributions

- | | |
|---|---|
| <ul style="list-style-type: none"> • Litigation concerns • Restrictive language • Identify the bank's discretion over income, principal or both. • Identify all beneficiaries "My son and any member of his family group..." • Use of Subcommittee • Seek Court Approval, if needed | <ul style="list-style-type: none"> • Establish a procedure for approval • Avoid language that must be interpreted • Address recurring or ongoing distributions • Address cumulative distributions • Documentation of the request and approval in the trust file • <u>Approval by committee should identify the discretionary nature</u> |
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Trust-Owned Life Insurance Oversight

- Potential for litigation
- Risk often lies with the beneficiaries
- Trustees believe policy decisions are for grantor and insurance agent.
- Shift from review of company to review of policy
- Third-Party Vendor
- In-Force Illustration
 - Importance of review of the illustration and identification of any concerns
 - Procedures to address any concerns

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Thank you!

Questions?

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