



PUBLIC DISCLOSURE

March 18, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Canyon Community Bank, National Association
Charter Number 24049

7981 North Oracle Road
Tucson, AZ 85704

Office of the Comptroller of the Currency
400 7th Street S.W.
Washington, DC 20291

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

The Lending Test is rated: **Needs to Improve**.

The overall performance of Canyon Community Bank, National Association (CCB) is rated Needs to Improve. The major factors that support this rating include:

- The loan-to-deposit ratio (LTD) is less than reasonable given the bank's age, size, financial condition, and assessment area (AA) credit needs.
- The bank originated a majority of loans inside its AA.
- Lending activities represent poor distribution among businesses of different sizes.
- The geographic distribution of loans reflects poor distribution throughout the bank's AA.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan AA.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's AA or outside the AA provided the bank has adequately addressed the community development needs of its AA.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A CT delineated by the United States Census Bureau in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan AA.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a core based statistical area that contains an urbanized population of at least 2.5 million. A metropolitan division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The metropolitan statistical area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the call report instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the call report. These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Description of Institution

CCB is an intrastate full service community bank chartered in October 2000. It is located in the northeast section of Pima County, in Tucson, Arizona. CCB is wholly owned by CCBS Holdings LLC (CCBS), a one-bank holding company with consolidated assets of \$105.3 million as of December 31, 2018. It has no affiliate relationships. CCB currently operates a main office and one branch, both located in northeast Pima County in upper-income census tracts. The bank offers traditional banking products, and both locations have a deposit-taking automated teller machine (ATM) on-site and offer drive-up teller access. CCBS acquired CCB in a stock sale transaction that closed on November 18, 2015.

During the evaluation period, the bank closed a limited purpose branch/loan production office (LPO) located in a middle-income census tract in January 2017 and closed a full service branch in December 2017, that was located in an upper-income census tract.

The bank’s primary strategy is to be a boutique commercial bank providing personalized banking services to small and medium-sized businesses, business professionals, and residents of northeast Pima County. CCB’s primary lending focus is on commercial real estate and commercial and industrial lending products.

As of December 31, 2018, CCB reported total assets of \$94.9 million, net loans of \$37.7 million, total deposits of \$81 million, and total equity capital of \$11.9 million. The following chart summarizes the loan portfolio by major loan type.

Canyon Community Bank Loan Portfolio Summary As of December 31, 2018		
Loan Category	(\$000s)	% of Outstanding Dollars
Commercial Real Estate	16,634	43.5
Commercial & Industrial	15,756	41.2
Construction & Land Development	2,275	5.9
1-4 Family Residential	1,905	5.0
Multifamily	1,655	4.3
Consumer	53	0.1
Total	38,278	100.0

Source: Uniform Bank Performance Report and bank loan data

There are no financial impediments that hinder the bank’s ability to help meet the credit needs of the AA. The bank received a “Satisfactory” rating at the February 19, 2013 CRA examination.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This performance evaluation (PE) assesses the CRA performance of CCB using Small Bank CRA examination procedures. The OCC performed a full-scope examination of the bank's sole assessment area, the Pima County AA. For the lending test the OCC determined the bank's primary product is commercial loans. Please refer to Appendix A for detailed information.

The OCC sampled 25 commercial loans originated, renewed, or purchased from January 1, 2016 through December 31, 2018. The data from the original commercial loan sample was used to calculate the inside/outside AA ratio. To perform other lending tests, the OCC eliminated loans outside the AA from the original sample and added enough additional loans to provide a sample of 20 commercial loans originated inside the AA from January 1, 2017 through December 31, 2018. The bank only made five commercial loans from January 1, 2016 through December 31, 2016, so there were no additional loans to add. There were no additional loans that would be relevant to the sample for 2017-2018. The sample is representative of the bank's business strategy since the last examination.

Due to the Census data changing during the evaluation period, we compared 2010 Census data to loans originated from January 1, 2016 through December 31, 2016; and 2015 American Community Survey (ACS) Census data to loans originated from January 1, 2017 through December 31, 2018.

Data Integrity

The OCC evaluated the data integrity of the three loans in the sample that were originated, renewed, or purchased from January 1, 2016 through December 31, 2018. The OCC verified the CT information for each borrower, including whether the borrower was located inside or outside of the bank's AA, and the CT income level. The OCC also verified the gross annual revenue for each commercial borrower. The OCC found the data to be accurate, and thus was able to include all 30 loans in the analysis.

Selection of Areas for Full-Scope Review

CCB has designated Pima County, Arizona as its AA. Pima County is part of the Tucson Metropolitan Statistical Area (MSA). Please refer to the table in Appendix B that provides demographic data for the Pima County AA.

Ratings

CCB's overall rating is based on the AA that received a full-scope review.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that CCB has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Tests

LENDING TEST

CCB's performance under the Lending Test is "Needs to Improve". CCB meets the standard for satisfactory performance in one test, but it does not meet the standard for satisfactory performance in three tests.

Loan-to-Deposit Ratio

CCB's LTD ratio is less than reasonable and needs to improve as it does not meet the standard for satisfactory performance given the bank's size, financial condition, and local economic conditions. The OCC analyzed the bank's quarterly average LTD ratio for the 24 quarters since the previous CRA examination through December 31, 2018. CCB's average LTD ratio for this period was 45 percent, with a high of 54 percent and a low of 28 percent.

A number of circumstances placed downward pressure on CCB's LTD ratio. These include external factors such as a high level of competition, which affected all banks in the AA. In addition, CCB has been under a Consent Order since July 29, 2013.

There are no true comparables for CCB in its AA, as it is the only bank that does not operate outside the AA. For purposes of comparison, the OCC selected four banks that CCB considers direct competitors for loans and deposits. The combined average quarterly LTD ratio for these institutions over the 24 quarters ending December 31, 2018 was 88 percent. The LTD ratios ranged from 79 percent to 97 percent. The four banks used in this comparison are not similarly situated to CCB. One bank is a division of a multi-billion dollar out-of-state bank that operates seven branches in the AA and has access to loans and deposits outside the market. Another is an out-of-state bank that purchased a local bank and operates two branches in the AA. It also has access to loans and deposits outside the market. One bank is an intrastate bank with a local deposit base more than six times larger than CCB's and operates two branches in the AA. The other bank is a local bank that operates three branches in the AA and one branch outside the AA. It has a local deposit base almost double CCB's. CCB operates in a very competitive environment and only holds 0.52 percent of the deposit market share, with the three mega-banks holding a combined 69 percent of the local deposit market share.

Lending in Assessment Area

The OCC calculated the percentage of loans inside the bank's AA in the original sample of 25 commercial loans. With 72 percent of the number and 60 percent of the dollar amount of loans, CCB's inside/outside ratio reflects a majority of the primary loan product originated inside the AA. Lending in the Pima County AA is reasonable and meets the standard for satisfactory performance.

Table D - Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Commercial Loans	18	72	7	28	25	8,544	60	5,610	40	14,154

*Source: Evaluation Period: 1/1/2016 - 12/31/2018 Bank Data.
Due to rounding, totals may not equal 100.0*

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Overall, CCB does not meet the standard for satisfactory performance in lending to businesses with gross annual revenue (GAR) of \$1 million or less and reflects poor distribution within its AA.

The 2016 table shows the three commercial loans the bank originated inside the AA from January 1, 2016 through December 31, 2016, compared to the 2010 census data. Management was not growing the loan portfolio in 2016. The data reflects the bank did not originate any commercial loans to businesses with GAR of \$1 million or less. All three commercial loans originated were to businesses with GAR greater than \$1 million. This reflects very poor distribution within its AA.

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2016	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$ (000)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Pima County AA	3	365	100.0	22,187	86.0	0	40.2	4.3	100.0	9.7	0	

*Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0*

The 2017-18 table below shows commercial loans in the sample from January 1, 2017 through December 31, 2018, compared to the 2015 ACS census data. CCB's performance is slightly lower than the AA business demographics for businesses with GAR of \$1 million or less. In addition, the sample included one business purpose loan

where GAR was not used in the credit decision/underwriting process. The loan was for \$83,433. Using loan size as a proxy for business size, this could be considered a small business loan. Given the credit needs of the area, the bank has reasonable distribution within its AA for 2017-18.

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2017-18	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues ≤ 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$(000)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Pima County AA	20	9,023	100.0	16,745	85.9	80.0	49.3	4.4	15.0	9.8	5.0	
<i>Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data. Due to rounding, totals may not equal 100.0</i>												

Geographic Distribution of Loans

Overall, the geographic distribution of commercial loans made to businesses located in low- and moderate-income CTs does not meet the standards for satisfactory performance and reflects poor distribution within the AA.

The following table compares CCB's commercial loans originated from January 1, 2016 through December 31, 2016 to the 2010 census data. The data reflects that CCB did not originate any commercial loans to businesses in low-income CTs. This reflects very poor distribution. Within the AA, there were only 18 low-income CTs. In addition, only 6 percent of all businesses were located in low-income CTs. Therefore, opportunities to make commercial loans in low-income CTs were limited. However, CCB originated 33.3 percent of commercial loans to businesses located in moderate-income CTs. This reflects decent distribution within the AA.

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available Income Tracts		
	#	\$(000)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Pima County AA	3	365	15.1	22,187	6.0	0	4.9	25.8	33.3	23.5	29.7	33.3	29.9	38.5	33.3	41.8	0	0	0

Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0

The 2017-18 table is updated to reflect the 2015 ACS census data and is compared to commercial loans originated from January 1, 2017 through December 31, 2018. The data shows that CCB's performance is slightly lower than the AA low-income CT demographics, reflecting reasonable distribution. However, CCB's lending in moderate-income CTs is significantly lower than the AA moderate-income CT demographics, reflecting very poor distribution.

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available Income Tracts		
	#	\$(000)	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Pima County AA	20	9,023	35.8	16,745	6.3	5.0	6.5	23.7	5.0	25.5	29.7	25.0	29.3	39.2	65.0	37.5	1.1	0	1.1

Source: 2017 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0

Responses to Complaints

CCB did not receive any complaints during the evaluation period regarding its CRA performance.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation and loan products considered. The table also reflects the metropolitan area that received comprehensive examination review (designated by the term “full-scope”).

Time Period Reviewed	Lending Test: 01/01/2016 to 12/31/2018	
Financial Institution		Products Reviewed
Canyon Community Bank, N.A. (CCB) Tucson, AZ		Commercial real estate and commercial/industrial (business) loans
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Pima County, AZ	Full-Scope	

Appendix B: Community Profiles for Full-Scope Areas

Pima County

CCB designated Pima County as its AA. The county is part of the Tucson, AZ MSA, and is one of two counties in the Tucson-Nogales Combined Statistical Area (CSA). Pima County consists of 241 CTs, in which 19 (7.9 percent) are low-income; 67 (27.8 percent) are moderate income; 77 (32.0 percent) are middle income; 76 (31.5 percent) are upper income; and two (0.8 percent) do not have an income designation. The city of Tucson is the most significant city in the AA, with a reported population of 530,000 in 2018. Tucson is the second largest populated city in Arizona behind Phoenix. Tucson is home to the University of Arizona, which in 2017 had a student body count of over 44,000. The AA meets the legal requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The table below provides demographic data for Pima County.

Table A – Demographic Information of the Assessment Area						
Assessment Area: Pima County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	241	7.9	27.8	32.0	31.5	0.8
Population by Geography	998,537	9.1	27.1	31.2	32.1	0.5
Housing Units by Geography	446,769	8.8	27.1	31.6	32.4	0.1
Owner-Occupied Units by Geography	238,329	4.7	21.4	32.9	40.9	0.1
Occupied Rental Units by Geography	151,329	14.9	35.4	29.3	20.1	0.3
Vacant Units by Geography	57,111	10.0	28.4	32.1	29.4	0.1
Businesses by Geography	66,047	6.3	23.8	29.7	39.1	1.1
Farms by Geography	1,543	4.5	23.5	33.9	37.9	0.2
Family Distribution by Income Level	239,972	22.2	17.3	19.1	41.4	0.0
Household Distribution by Income Level	389,658	24.7	16.1	16.9	42.3	0.0
Median Family Income MSA - 46060 Tucson, AZ MSA		\$57,457	Median Housing Value			\$172,844
			Median Gross Rent			\$846
			Families Below Poverty Level			16.9%

Source: 2015 ACS Census and 2018 D&B Data
 Due to rounding, totals may not equal 100.0
 (*) The NA category consists of geographies that have not been assigned an income classification.

The banking environment in the bank's AA is highly competitive. The June 30, 2018 FDIC Deposit Market Share report indicates that 19 financial institutions, with a combined total of 161 branches, competed for over \$15.7 billion of insured deposits in Pima County. The nature of competition includes 98 branches of three nationwide mega-banks that account for 69.2 percent of the deposit market share, representing \$10.9 billion in deposits. CCB is ranked 15th, with a 0.52 percent market share.

The largest industries in Pima County are healthcare and social assistance (employing 65,635), retail trade (employing 53,487), and educational services (employing 42,593). Much of Tucson's economic development has centered on the University of Arizona, which is the largest employer in Tucson. Raytheon Missile Systems and Davis-Monthan Air Force Base serve as the second and third largest employers in Tucson, respectively. These three employers provide more than 34,000 jobs to the region. The aerospace and defense sectors have positively contributed to the region's economy as well. Tucson is ranked as one of the top five cities in the U.S. for the aerospace and defense industry. This industry includes defense and space related manufacturing, research and development (R&D), assembly distribution, warehousing, and industrial technology. The Tucson MSA also benefits from a high level of tourism the region experiences on an annual basis. Tucson's consistently dry and sunny climate assures continued growth in tourism, which employs about one in 10 workers in the metropolitan area. Tourism brings approximately \$1.5 billion in revenues and over 3.5 million visitors annually given the numerous attractions, hotels, and resorts. Tucson further benefits from being a border state to Mexico, as a number of middle and upper class Sonorans and Sinaloans travel from Mexico to Tucson to purchase goods that are not readily available in their hometowns.

The Bureau of Labor Statistics reported that Tucson had an unemployment rate of 3.8 percent as of May 2018, the same as the national unemployment rate, but below the State of Arizona rate of 4.7 percent. This is an all-time low for the Tucson MSA within the past decade.

As of 2018, the CCA's AA had 66,047 businesses. Approximately 85.9 percent of the businesses were small, with gross annual revenues of \$1 million or less; 4.3 percent were large businesses with gross annual revenues over \$1 million; and 9.8 percent consist of businesses where income data was not collected or not reported.

The 2018 Dunn & Bradstreet data report the median housing value was \$172,844 in the Pima County AA, which is below the national median home price of \$255,000. The median property value decreased 17.9 percent in the AA from a value of \$210,610 in 2016. Approximately 53.4 percent of total housing units are owner occupied. The 2018 median family income was \$57,457 for the Tucson MSA, an increase of 0.1 percent from \$57,377 in 2016. Approximately 16.9 percent of the families in Pima County fall below the poverty level.

During the evaluation of CCB, the OCC contacted a community organization to help determine the credit and financial needs and opportunities in the AA. The contact was a non-profit organization that acquires, rehabilitates, maintains, and rents affordable housing properties to low- and moderate-income households. The contact reported that while economic conditions have improved, the AA still needs more job growth and better paying jobs, as many residents remain underemployed or unemployed. Generally, local financial institutions are supportive, but the contact indicated that many financial institutions are tightening up their underwriting for both low- and moderate- income individuals and non-profit organizations. The contact would like to see more financial institutions step up and expand their involvement and provide more funding or subsidies to enable non-profits to carry out their missions since government budgets for grants and bond projects have been so drastically cut. The contact indicated that financial institutions need to implement more philanthropy and contact non-profits to see what the greatest needs of the community are and how they can assist. Many provide volunteers, but do not provide any cash donations, loans, grants, or subsidies.