

# **PUBLIC DISCLOSURE**

November 4, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

### **Bluestone Bank**

Certificate Number: 90169

756 Orchard Street  
Raynham, Massachusetts 02767

Division of Banks  
1000 Washington Street, 10<sup>th</sup> Floor  
Boston, Massachusetts 02118

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, nor should it 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 Division of Banks concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

This document is an evaluation of the CRA performance of **Bluestone Bank (bank)** prepared by the Division, the institution's supervisory agency as of **November 4, 2024**. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00.

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. Bluestone Bank's performance under the Lending and Community Development tests summarized below:

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its home mortgage and small business loans in the assessment area.
- The geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers, given the demographics of the assessment area, reflects good penetration among individuals of different income levels and businesses of different revenue sizes (including low- and moderate-income).
- The institution did not receive any CRA-related complaints since the prior evaluation; therefore, this factor did not affect the rating. Fair lending policies and procedures are considered adequate.

**The Community Development Test is rated Satisfactory.**

- The bank demonstrated adequate responsiveness to the community development needs of its assessment area through qualified community development loans, investments and services. Examiners considered the institution's capacity, and the need and availability of such opportunities throughout the assessment area.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation, conducted concurrently with the Federal Reserve Bank of Boston and the Massachusetts Division of Banks, covers the period from the prior evaluation, dated August 2, 2021, to the current evaluation dated November 4, 2024. Examiners used FFIEC Interagency Intermediate Small Institution Examination Procedures to evaluate Bluestone Bank's CRA performance. These procedures include two tests: the Lending Test and Community Development Test.

The Lending Test considered the institution's performance according to the following criteria.

- Loan-to-deposit ratio
- Assessment area concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

The Community Development Test considered the following criteria.

- Number and dollar amount of community development loans, qualified investments, and community development services.
- The responsiveness of such activities to the community development needs of the assessment area.

### **Activities Reviewed**

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of originations during the evaluation period. No other loan types, such as small farm or consumer loans, represent a major product line, and they provide no material support for conclusions or ratings; therefore, examiners did not present them.

Examiners considered the entire universe of home mortgage lending and small business loans from January 1, 2022, through December 31, 2023. Home mortgage lending received greater weight when determining Lending Test conclusions based on the bank originating substantially more home mortgage loans compared to small business loans during the review period. Examiners compared Bluestone Bank's lending performance to 2020 U.S. Census demographic data, 2022 and 2023 D&B data, and aggregate reported home mortgage data. Examiners also reviewed the performance of comparable institutions where applicable. Examiners reviewed and presented both the number and dollar volume of home mortgage and small business loans. However, examiners emphasized performance by number of loans, as it is a better indicator of the number of individuals and businesses served.

## **DESCRIPTION OF INSTITUTION**

### **Background**

Bluestone Bank is a mutually owned savings bank headquartered in Raynham, Massachusetts, and operates primarily in the southeastern part of Massachusetts. Bluestone Bank received a Satisfactory rating from the Massachusetts Division of Banks during its prior evaluation on August 2, 2021, based on FFIEC Interagency Intermediate Small Institution Examination Procedures.

### **Operations**

In addition to its full-service main office located in Raynham, the bank operates 11 full-service branches, one Loan Production Office in Marshfield, and a stand-alone ATM in Mansfield. The bank operates branches in Bridgewater (2), East Bridgewater, Lakeville, Mansfield, Norton, Pembroke, Plainville, Taunton, and West Bridgewater (2). Since the prior evaluation, the bank has not opened or closed any branches, and there have been no mergers or acquisitions. The bank closed a Loan Production Office in Wrentham, and two stand-alone ATMs in Middleborough and West Bridgewater.

Bluestone Bank offers residential and commercial loans with a continued primary focus on residential lending. Residential lending products include home mortgage loans, construction loans, home equity loans and lines of credit, and construction loans. For commercial customers, the bank offers commercial real estate and construction loans, lines of credit, and equipment loans and small business loans. Consumer and commercial deposit services include checking, savings, money market, certificate of deposit accounts, and individual retirement accounts. The bank also offers financial planning services. Alternative banking services include internet and mobile banking, and person to person payment.

### **Ability and Capacity**

As of September 30, 2024, Bluestone Bank's assets totaled approximately \$1.6 billion, including total loans of \$1.1 billion (68.8 percent of total assets). Total assets increased by approximately \$257.8 million, or 19.9 percent, since the previous evaluation. The bank has total deposits of \$1.3 billion, which increased by 13.8 percent since the previous evaluation. The following table shows that loans secured by 1-4 family residential properties represent the largest portion of the portfolio, followed by nonfarm nonresidential properties. Loan composition has not significantly changed since the prior evaluation.

<b>Loan Portfolio Distribution as of 9/30/2024</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, Other and Land Loans	126,846	11.2
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	562,127	49.5
Secured by Multifamily (5 or more) Residential Properties	93,577	8.2
Secured by Nonfarm Nonresidential Properties	252,819	22.3
<b>Total Real Estate Loans</b>	<b>958,904</b>	<b>84.5</b>
Commercial and Industrial Loans	77,299	6.8
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	22,304	2.0
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>1,134,972</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that would limit the bank's ability to meet assessment area credit needs.

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. Bluestone Bank designated a single assessment area within the Boston, MA Metropolitan Division (MD) and the Providence-Warwick, RI-MA MSA. The assessment area has not changed since the previous evaluation.

The following sections discuss demographic and economic information relevant to the assessment area.

### **Economic and Demographic Data**

The assessment area consists of 157 census tracts in the following cities and towns: Abington, Attleboro, Bellingham, Berkley, Bridgewater, Brockton, Carver, Dighton, Duxbury, East Bridgewater, Easton, Foxboro, Franklin, Halifax, Hanover, Hanson, Kingston, Lakeville, Mansfield, Marshfield, Middleborough, Norfolk, North Attleboro, Norton, Norwell, Pembroke, Plainville, Plympton, Raynham, Rockland, Scituate, Sharon, Taunton, Walpole, West Bridgewater, Whitman, and Wrentham. The census tracts reflect the following income designations according the 2020 U.S. Census.

- 8 low-income tracts,
- 22 moderate-income tracts
- 66 middle-income tracts
- 59 upper-income tracts
- 2 census tracts categorized as N/A

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	157	5.1	14.0	42.0	37.6	1.3
Population by Geography	776,768	4.7	12.8	41.1	40.9	0.6
Housing Units by Geography	288,918	4.4	13.2	42.6	39.8	0.0
Owner-Occupied Units by Geography	207,207	1.8	10.1	43.1	45.0	0.0
Occupied Rental Units by Geography	66,737	12.0	21.7	40.2	26.0	0.1
Vacant Units by Geography	14,974	7.5	17.3	45.8	29.3	0.1
Businesses by Geography	77,014	4.1	11.0	38.8	46.0	0.1
Farms by Geography	2,139	1.3	10.9	41.2	46.6	0.0
Family Distribution by Income Level	194,311	18.5	15.5	21.0	45.0	0.0
Household Distribution by Income Level	273,944	21.9	14.0	16.5	47.6	0.0
Median Family Income MSA - 14454 Boston, MA		\$112,607	Median Housing Value			\$387,873
Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA		\$89,555	Median Gross Rent			\$1,218
			Families Below Poverty Level			4.7%
Source: 2020 ACS, 2023 D&B Data, and FFIEC Estimated Median Family Income; (* ) The NA category consists of geographies that have not been assigned an income classification.						

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. As shown in the previous table, 71.7 percent of the 288,918 housing units are owner-occupied. Of the 207,207 owner-occupied units, only 11.9 percent are located in low- and moderate-income census tracts. Additionally, 66,737 or 23.1 percent of all housing units are rented. This illustrates the assessment area's limited homeownership opportunities, particularly within the assessment area's low-income census tracts. Examiners used the 2022 and 2023 Federal Financial Institutions Examination Council updated median family income levels to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories for the assessment area.

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Boston, MA Median Family Income (14454)</b>				
2022 (\$129,500)	<\$64,750	\$64,750 to <\$103,600	\$103,600 to <\$155,400	≥\$155,400
2023 (\$136,900)	<\$68,450	\$68,450 to <\$109,520	\$109,520 to <\$164,280	≥\$164,280
<b>Providence-Warwick, RI-MA MSA Median Family Income (39300)</b>				
2022 (\$99,600)	<\$49,800	\$49,800 to <\$79,680	\$79,680 to <\$119,520	≥\$119,520
2023 (\$108,300)	<\$54,150	\$54,150 to <\$86,640	\$86,640 to <\$129,960	≥\$129,960
Source: FFIEC				

The assessment area's median housing value is \$387,873. Therefore, there may be limited opportunities for low- and moderate-income families to qualify for a mortgage under conventional underwriting standards. Additionally, roughly one-third of families in the assessment area (35.9 percent) are low- and moderate-income families and approximately 4.7 percent of families live below the poverty line, which represents a subset of low-income families. These factors further limit the bank's home mortgage lending opportunities to low-income families.

### **Competition**

The bank operates in a highly competitive market for financial services. According to Deposit Market Share data, as of June 30, 2024, 25 financial institutions operated 159 branches in the bank's assessment area. Of these institutions, Bluestone Bank ranked 7<sup>th</sup> with a deposit market share of 5.7 percent. The top five financial institutions, Rockland Trust, HarborOne Bank, Bank of America N.A., Citizens Bank N.A., and Bristol County Savings Bank held 60.5 percent of the deposit market share.

There is also a high level of competition for home mortgage loans among large national banks, community banks, credit unions, and mortgage companies in the assessment area. In 2023, aggregate home mortgage lending data shows that 405 lenders originated or purchased 17,072 home mortgage loans in the assessment area. The top five lenders collectively account for 22.9 percent of the market. Market share data for 2023 indicates that Bluestone Bank ranked 16<sup>th</sup> with 1.6 percent market share.

### **Community Contact**

As part of the evaluation process, examiners contact organizations active in the assessment area to identify credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs.

Examiners contacted a representative from a non-profit organization serving Southeastern Massachusetts. The organization is a housing counseling agency providing education and technical assistance for low- and moderate-income residents. The contact noted an affordability gap as rising prices exceed even First Time Homebuyer (FTHB) grant and financial assistance opportunities. Housed individuals face homelessness risks including foreclosures, increasing rent prices, and utility bill increases. The contact mentioned that more support for shelters will be helpful in the current economy. There is a limit on financial institutions' ability to close this affordability gap, and it is expanding to include middle-income families (that do not usually qualify for foreclosure or FTHB assistance). The contact relies heavily on financial institution donations and financial institutions work with counseling agencies to prepare buyers and ensure they have requisite financial literacy.

### **Credit Needs**

Examiners considered information gathered from the community contact, the bank, and available economic data to determine the primary credit needs of the assessment area. Based on this



information, examiners determined that the community’s primary credit need is affordable housing for low- and moderate-income individuals.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

Bluestone Bank demonstrated reasonable performance under the Lending Test. Geographic Distribution and Borrower Profile performance primarily support this conclusion. The following sections address overall bank performance for each Lending Test component.

#### Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs. The bank’s quarterly net LTD ratio, calculated from Call Report data, averaged 80.3 percent over the last 14 calendar quarters from June 30, 2021, to September 30, 2024. The ratio ranged from a low of 70.6 percent as of March 31, 2022, to a high of 91.9 percent as of June 30, 2024.

Examiners compared the bank’s average LTD ratio to that of three similarly situated institutions. Examiners selected similarly situated institutions based on asset size, lending focus, and geographic location. The following table shows that Bluestone Bank’s ratio was above one of the three similarly situated institutions, demonstrating its reasonable performance.

Loan-to-Deposit (LTD) Ratio Comparison		
Institution	Total Assets as of 9/30/2024 (\$000s)	Average Net LTD Ratio (%)
Bluestone Bank	1,552,375	81.4
North Easton Savings Bank	1,658,421	76.0
BankFive	1,867,006	92.3
Coastal Heritage Bank	944,103	89.0
Source: Reports of Condition and Income 06/30/2021 – 9/30/2024		

#### Assessment Area Concentration

Bluestone Bank originated a majority of its overall loans and home mortgage loans, by number within the assessment area. The bank originated a majority of its small business loans by number and dollar amount outside of the assessment area, as well as the majority of home mortgage loans by dollar amount. Please refer to the following table for totals by year.

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		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2022	288	58.7	203	41.3	491	109,904	42.8	146,794	57.2	256,698
2023	277	65.0	149	35.0	426	88,339	48.8	92,854	51.2	181,193
Subtotal	565	61.6	352	38.4	917	198,243	45.3	239,648	54.7	437,891
Small Business										
2022	18	42.9	24	57.1	42	4,774	36.6	8,272	63.4	13,046
2023	10	31.2	22	68.8	32	3,754	32.8	7,702	67.2	11,456
Subtotal	28	37.8	46	62.2	74	8,528	34.8	15,974	65.2	24,502
Total	593	59.8	398	40.2	991	206,771	44.7	255,622	55.3	462,393
Source: Bank Data Due to rounding, totals may not equal 100.0%										

### **Geographic Distribution**

Considering the bank's assessment area demographics, aggregate data, and performance context factors, the bank's distribution of home mortgage and small business loans reflects reasonable distribution in low- and moderate-income geographies.

#### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects good dispersion. This is primarily driven by the bank's performance in moderate-income census tracts during the evaluation period.

In 2022, the bank originated five or 1.7 percent of home mortgage loans within low-income census tracts, which was slightly below aggregate data and inline with demographic data. In 2023, the bank originated one loan or 0.4 percent of home mortgage loans within low-income census tracts, which was below both aggregate and demographic data.

Additionally, in 2022 the bank originated 54 or 18.8 percent of home mortgage loans within moderate-income census tracts, which was well above aggregate and demographic data. In 2023, the bank originated 35 or 12.6 percent of home mortgage loans within moderate-income census tracts, which was above aggregate and demographic performance.

This is an improvement in performance from the last examination, particularly in moderate-income census tracts, where the bank's performance was below that of aggregate and demographic data. In 2022, the bank ranked 14<sup>th</sup> out of 245 lenders in market share for lending in moderate-income census tracts within the assessment area, with the top ten lenders making up 33.6 percent of the market. In 2023, the bank ranked 17<sup>th</sup> out of 224 lenders in market share, with the top ten lenders making up 35.7 percent of the market. Of the institutions that had a greater market share than Bluestone, all were large depository institutions or national mortgage lenders.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	1.8	2.3	5	1.7	1,672	1.5
2023	1.8	2.3	1	0.4	32	0.0
Moderate						
2022	10.1	11.1	54	18.8	15,850	14.4
2023	10.1	11.2	35	12.6	21,734	24.6
Middle						
2022	43.1	43.1	107	37.2	36,449	33.2
2023	43.1	42.6	145	52.3	41,368	46.8
Upper						
2022	45.0	43.4	122	42.4	55,934	50.9
2023	45.0	43.8	96	34.7	25,205	28.5
Not Available						
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	0.0	0	0.0	0	0.0
<b>Total</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>288</b>	<b>100.0</b>	<b>109,904</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>277</b>	<b>100.0</b>	<b>88,339</b>	<b>100.0</b>
<i>Source: 2020 ACS; Bank Data, 2022 &amp; 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>						

### ***Small Business***

The geographic distribution of small business loans reflects adequate dispersion. In both 2022 and 2023, the bank did not originate any small business loans in low-income census tracts. This is mitigated by the low number of businesses that operate within those census tracts within the bank's assessment area and the bank's limited lending volume of small business loans during the examination period. The bank's lending in moderate-income census tracts was above business demographic data in 2022 and inline with business demographic data in 2023.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2022	4.0	--	0	0.0	0
2023	4.1	--	0	0.0	0
Moderate					
2022	11.0	3	16.7	675	14.1
2023	11.0	1	10.0	900	24.0
Middle					
2022	38.9	7	38.9	1,592	33.3
2023	38.8	5	50.0	1,738	46.3
Upper					
2022	46.1	8	44.4	2,507	52.5
2023	46.0	4	40.0	1,116	29.7
Not Available					
2022	0.1	0	0.0	0	0.0
2023	0.1	0	0.0	0	0.0
<b>Totals</b>					
<b>2022</b>	<b>100.0</b>	<b>18</b>	<b>100.0</b>	<b>4,774</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>	<b>3,754</b>	<b>100.0</b>
Source: 2022 & 2023 D&B Data, 2022 & 2023 Bank Data; Due to rounding, totals may not equal 100.0%					

## **Borrower Profile**

The distribution of home mortgage loans reflects good penetration among individuals of different income levels and businesses of different sizes in the assessment area. The bank's home mortgage performance supports this conclusion.

### ***Home Mortgage***

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is good. The bank's performance in lending to low-income borrowers was above the aggregate performance in both 2022 and 2023. Bluestone's performance in lending to moderate-income borrowers was above the aggregate and demographic data in both 2022 and 2023.

In 2022, the bank ranked 19th out of 261 lenders in lending to moderate-income borrowers within the assessment area, while the top ten lenders made up 39.2 percent of the overall market share. In 2023, the bank ranked 16<sup>th</sup> out of 236 lenders in lending to moderate-income borrowers, while the top ten lenders made up 40.6 percent of the overall market. Of the institutions that had a greater market share than Bluestone, all were large depository institutions or national mortgage lenders.

The following table illustrates the bank's home mortgage lending by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	18.5	6.4	29	10.1	3,716	3.4
2023	18.5	5.6	25	9.0	2,132	2.4
Moderate						
2022	15.5	19.7	69	24.0	14,354	13.1
2023	15.5	18.0	51	18.4	7,219	8.2
Middle						
2022	21.0	25.4	57	19.8	17,475	15.9
2023	21.0	25.8	80	28.9	16,125	18.3
Upper						
2022	45.0	36.1	111	38.5	56,648	51.5
2023	45.0	37.4	115	41.5	38,322	43.4
Not Available						
2022	0.0	12.4	22	7.6	17,711	16.1
2023	0.0	13.3	6	2.2	24,540	27.8
<b>Total</b>						
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>288</b>	<b>100.0</b>	<b>109,904</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>277</b>	<b>100.0</b>	<b>88,339</b>	<b>100.0</b>
<i>Source: 2020 ACS; Bank Data, 2022 &amp; 2023 HMDA Aggregate Data. Due to rounding, totals may not equal 100.0%</i>						

### ***Small Business***

The distribution of small business lending reflects reasonable penetration of businesses of different sizes. In 2022, the bank originated 55.6 percent of small business loans to businesses with gross annual revenues of \$ 1 million or less. In 2023, the bank originated 50.0 percent of small businesses loans to businesses with gross annual revenues of \$1 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	88.4	10	55.6	2,927	61.3
2023	89.3	5	50.0	2,460	65.5
>\$1,000,000					
2022	4.0	8	44.4	1,847	38.7
2023	3.7	5	50.0	1,294	34.5
Revenue Not Available					
2022	7.6	0	0.0	0	0.0
2023	7.0	0	0.0	0	0.0
<b>Totals</b>					
<b>2022</b>	<b>100.0</b>	<b>18</b>	<b>100.0</b>	<b>4,774</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>	<b>3,754</b>	<b>100.0</b>
Source: 2022 & 2023 D&B Data, 2022 & 2023 Bank Data; Due to rounding, totals may not equal 100.0%					

### **Response to Complaints**

The institution did not receive any CRA-related complaints since the prior evaluation; therefore, this criterion did not affect the bank's CRA rating.

### **Fair Lending Policies and Procedures**

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106. A review of the bank's public comment file indicated the bank received no complaints pertaining to the institution's CRA performance since the prior evaluation. Examiners conducted the fair lending review in accordance with the FFIEC Interagency Fair Lending Examination Procedures.

### ***Minority Application Flow***

The bank's HMDA LARs for 2022 and 2023 were reviewed to determine if the bank's application flow from different racial and ethnic groups reflected the assessment area's demographics.

According to 2020 U.S. Census data, the bank's assessment area contained a total population of 776,768 individuals. The assessment area's minority and ethnic population is 5.1 percent Hispanic or Latino, 7.8 percent Black/African American, 3.2 percent Asian, 0.1 percent American Indian or Alaska Native, 0.0 percent Native Hawaiian or other Pacific Islander, and 8.1 percent other.

The bank's level of applications was compared with that of the 2022 and 2023 aggregate performance. The comparison of this data assists in deriving reasonable expectations for the rate of applications the bank received from minority home mortgage loan applicants. Refer to the table below for information

on the bank's minority application flow as well as the aggregate lenders in the bank's assessment area.

MINORITY APPLICATION FLOW						
RACE	2022		2022 Aggregate Data	2023		2023 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.2	3	0.7	0.3
Asian	6	1.5	3.2	14	3.4	3.1
Black/ African American	14	3.6	10.6	15	3.7	11.0
Hawaiian/Pacific Islander	1	0.3	0.2	0	0.0	0.2
2 or more Minority	0	0.0	0.2	2	0.5	0.3
Joint Race (White/Minority)	5	1.3	1.4	7	1.7	1.4
<b>Total Racial Minority</b>	<b>26</b>	<b>6.7</b>	<b>15.7</b>	<b>41</b>	<b>10.0</b>	<b>16.3</b>
White	267	68.8	61.0	191	46.6	60.3
Race Not Available	95	24.5	23.3	179	43.7	23.5
<b>Total</b>	<b>388</b>	<b>100.0</b>	<b>100.0</b>	<b>411</b>	<b>100.0</b>	<b>100.0</b>
<b>ETHNICITY</b>						
Hispanic or Latino	8	2.1	4.3	15	3.7	4.9
Joint (Hisp/Lat /Not Hisp/Lat)	2	0.5	1.4	7	1.7	1.4
<b>Total Ethnic Minority</b>	<b>10</b>	<b>2.6</b>	<b>6.7</b>	<b>21</b>	<b>5.4</b>	<b>6.3</b>
Not Hispanic or Latino	271	69.8	70.5	299	72.9	70.1
Ethnicity Not Available	107	27.6	23.8	89	21.7	23.7
<b>Total</b>	<b>388</b>	<b>100.0</b>	<b>100.0</b>	<b>411</b>	<b>100.0</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census Data, HMDA Aggregate Data 2022 and 2023, HMDA LAR Data 2022 and 2023</i> <i>Due to rounding, totals may not equal 100.0%</i>						

In 2022, the bank received 388 home mortgage loan applications from within its assessment area. Of these applications, 26, or 6.7 percent, were received from racial minority applicants, while the aggregate received 15.7 percent of its applications from racial minority applicants. For the same period, the bank also received 10 applications, or 2.6 percent, from ethnic groups of Hispanic origin within its assessment area, compared to the aggregate application rate of 6.7 percent.

In 2023, the bank received 411 home mortgage loan applications from within its assessment area. Of these applications, 41, or 10.0 percent were received from racial minority applicants, while the aggregate received 16.3 percent of its applications from racial minority applicants. For the same period, the bank also received 21 applications, or 5.4 percent, from ethnic groups of Hispanic origin within its assessment area, compared to the aggregate application rate of 6.3 percent.

The bank employs individuals able to provide translation assistance in several languages, including Arabic, French, Japanese, Mandarin, Portuguese, Sinhala, and Spanish.

Considering the demographic composition of the assessment area, market competition, comparisons to aggregate data in 2022 and 2023, and increasing trends, the bank's minority application flow is considered adequate.

## **Community Development Test**

Bluestone Bank demonstrates adequate responsiveness to the assessment area's community development needs through qualified community development loans, investments, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area. Community development activities were considered during the period of August 2, 2021, through November 4, 2024.

## **Community Development Loans**

The bank originated 9 community development loans totaling approximately \$8.5 million during the evaluation period. Community development loans represent 6.0 percent of average total assets and 8.6 percent of average total loans. Of the bank's prior evaluation performance of 317 loans totaling \$32,680 loans, 310 loans totaling \$30.6 million were from the SBA PPP program which was offered through 2021. The current level of community development lending represents an increase from 7 loans totaling \$2.1 million at the prior evaluation. The total dollar amount of community development loans originated during the evaluation period represents 0.6 percent of average total assets and 0.9 percent of average total loans as of September 30, 2024. All of the bank's community development loans supported affordable housing activities that were responsive to the assessment area's needs and opportunities.

Of the 9 qualified community development loans, 3 loans totaling approximately \$3.7 million were located outside of the bank's assessment area and benefitted a larger statewide area. The following table illustrates the bank's community development lending activity by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
8/2/2021-12/31/2021	2	3,320	0	0	0	0	0	0	2	3,320
2022	2	1,578	0	0	0	0	0	0	2	1,578
2023	2	1,861	0	0	0	0	0	0	2	1,861
YTD 2024	3	1,761	0	0	0	0	0	0	3	1,761
Total	9	8,520	0	0	0	0	0	0	9	8,520
Source: Bank Data										

The following are notable examples of the bank's qualified community development loans.

- In 2022, the bank originated a \$975,000 loan for the acquisition of a 14-unit residential apartment building in Taunton, MA. All fourteen units have affordable rents with the majority of units rented through rental agreements with the Boston and Taunton Housing Authorities or the Community Counseling of Bristol County. The loan helped maintain access to affordable housing units within the bank's assessment area.
- In 2023, the bank originated a \$6 million revolving construction loan refinanced to fund the construction of a new residential development in accordance with Massachusetts chapter



40B. By deed restriction, 22 out of 86 units, or 25%, were priced below market rate as affordable single-family townhouses. \$1.5 million qualified under the community development affordable housing purpose. This loan helped to generate affordable housing units within the bank's assessment area.

- In 2024, the bank originated two construction loans to a private developer for a 40B residential subdivision. As outlined in the 40B Comprehensive Permit, three, or 25%, of twelve single-family homes were committed to below market sale price. Proceeds of a \$1,295,000 construction loan were used for construction costs and refinancing the cost of land acquisition with \$437,500 qualifying under the community development affordable housing purpose. Proceeds from a \$1,749,000 construction loan were for construction costs and to a secure letter of credit for Mass. Housing with \$323,750 qualifying under the community development affordable housing purpose. These loans helped to generate affordable housing units within the bank's assessment area.
- In 2024, the bank originated a line of credit for \$1 million for construction costs to redevelop a property to create ten affordable housing units for seniors. A five-year initial contract with the tenant non-profit agency ensures seniors' rent will be equal to 10% of gross income or 30% of adjusted income. The line of credit helped to generate affordable housing within the bank's assessment area.

### **Qualified Investments**

During the evaluation period, the bank made 256 qualified investments totaling \$2.1 million, which consists of one qualified equity investment totaling \$1.6 million, and 255 donations totaling \$524,635. Of the charitable donations made by the bank, 119 for \$390,368 were provided from the bank's charitable foundation. The bank made \$150,282 in charitable donations to various food pantries and food initiatives, particularly during 2021 and 2022 which was particularly responsive to community needs. The dollar amount of qualified investments represents 0.1 percent of average total assets and 0.6 percent of average total securities as of September 30, 2024. The total dollar amount of qualified investments decreased since the prior evaluation, however, the bank made a significant increase in the dollar amount of donations since the prior examination, where the bank made donations totaling \$228,567.

The following table illustrates the bank's community development investments by year and purpose.

<b>Qualified Donations</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>	<b>#</b>	<b>\$</b>
8/2/2021-12/31/2021	2	1,250	44	69,882	1	2,500	0	0	47	73,632
2022	7	31,600	86	159,336	1	2,500	0	0	94	193,436
2023	8	16,667	55	124,700	1	1,000	1	100	65	142,467
YTD 2024	3	12,250	45	101,850	1	1,000	0	0	49	115,100
<b>Total</b>	<b>20</b>	<b>61,767</b>	<b>230</b>	<b>455,768</b>	<b>4</b>	<b>7,000</b>	<b>1</b>	<b>100</b>	<b>255</b>	<b>524,635</b>
<i>Source: Bank Data</i>										

## **Equity Investments**

In 2023, the bank purchased one Federal National Mortgage Association (FNMA) Mortgage-Backed Security (MBS) for \$1,579,000. The MBS is securitized by a 17-unit apartment building located in Abington. The monthly rent amounts for all seventeen units are based on 80% area median income (AMI) or less. The bank's investment in the MBS helps to provide affordable housing within the bank's assessment area.

## **Donations**

- *Old Colony Habitat for Humanity (OCHFH)* – OCHFH is an organization developing affordable housing for families in need. OCHFH is dedicated to providing decent and affordable housing in partnership with families in need to help local low- and moderate-income families find a path the stability and self-reliance and also to eliminate substandard housing through the construction, rehabilitation, and preservation of homes. The organization serves 24 communities in the Taunton-Raynham area. OCHFH primarily assists families earning no more than 60 percent of the median family income adjusted for family size per HUD tables. The bank's support of this organization helped to provide low- and moderate-income families within the assessment area with affordable housing.
- *Neighborworks Housing Solutions* – Neighborworks Housing Solutions promotes safe affordable housing and provides housing resources and education in collaboration with its public and private partners serving Southern Massachusetts. Services include rental assistance, emergency financial help, shelter & homelessness prevention, first-time home buyer education and financial coaching, foreclosure prevention, affordable residential and small business loans, and construction and property management. The bank's support of this organization helped provide affordable housing within the bank's assessment area.
- *The Old Colony YMCA* – The Old Colony YMCA is a non-profit community service organization that provides wellness and social service programs for the community, including numerous programs geared toward low- and moderate-income individuals and at-risk children. The Old Colony YMCA has several locations in Plymouth and Norfolk County. The bank's multiple contributions in 2021-2024 helped finance the organization's scholarships and financial assistance for low- and moderate-income families to utilize the programs.
- *Southeastern Economic Development Corporation (SEED)* – SEED promotes economic development in the local region by creating new and retaining existing jobs and ensuring Main Street businesses can recover and rebuild from economic hardship. SEED provides small-dollar Fast Track, Micro loans, and SBA 504 loans as well as education and counseling for small businesses. The bank's support of this organization helped to promote economic development within the assessment area.
- *Food Pantries* - The bank's multiple contributions supported many area food pantries: the Bridgewater Food Pantry, Cupboard of Kindness, Franklin Food Pantry, Lenore's Pantry,

Living Bread Food Pantry, Marshfield Food Pantry, Our Daily Bread, Pembroke Firehouse Food Pantry, Raynham Food Basket, Society of St. Vincent de Paul, West Bridgewater Food Pantry, and The Harvest on the Vine Pantry of St. Mary-St. Catherine of Siena Parish. The bank's support of these food pantries helped provide vital community services to low- and moderate-income individuals and families within the assessment area.

### **Community Development Services**

Bluestone Bank demonstrated adequate responsiveness to opportunities for community development services. During the evaluation period, Bluestone Bank employees and officers provided 590 hours of financial expertise or technical assistance to 23 community development organizations in the bank's assessment area. Services included involvement in community development organizations that provided affordable housing, community services, economic development, and revitalization or stabilization efforts that directly benefitted low- and moderate-income individuals and small businesses within the assessment area. Affordable housing and economic development were identified as primary needs by the community contacts.

The following table illustrates community development services in hours by year and purpose.

<b>Community Development Services in Hours</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
8/2/2021 – 12/31/2021	17	4	0	3	<b>24</b>
2022	80	19	41	25	<b>165</b>
2023	107	53	43	26	<b>229</b>
YTD 2024	90	55	17	10	<b>172</b>
<b>Total</b>	<b>294</b>	<b>131</b>	<b>101</b>	<b>64</b>	<b>590</b>
<i>Source: Bank Data</i>					

The following are notable examples of the bank's community development services

### **Employee Involvement**

- *Brockton Housing Partnership* – The Brockton Housing Partnership promotes homeownership opportunities for low- and moderate-income families and individuals by managing, developing, and selling affordable housing units within the city of Brockton. The organization also collaborates with community service organizations to provide assistance with food, counseling, and financial assistance to its residents. A First Senior Vice-President at the bank serves on the organization's Board of Directors. The bank's involvement with this organization helps to expand and maintain access to affordable housing for the assessment area's low- and moderate-income residents.

- *MassHire Greater Brockton Workforce Board (MHGBWB)* – MHGBWB is a business-led, policy setting board that oversees workforce development in the greater Brockton area. The career center operated by the UMass Donahue Institute works to assist job seekers develop the skills required to obtain employment in the industries that are in the highest level of need in the community. The organization also offers support to young adults aged 14-24, including access to computers and printers for those in need of access to those technologies, resume assistance, interview assistance, and more. A First Senior Vice-President at the bank served on the organization's Board of Directors during the examination period. The bank's involvement with this organization helped promote economic development within the bank's assessment area.
- *Pro-Home, Inc.* – Pro-Home, Inc. is a non-profit affordable housing organization that provides low- and moderate-income families and individuals in southeastern Massachusetts with first-time homebuyer counseling, financial literacy, foreclosure counseling, and more supportive assistance. The organization also assists with the management of affordable rental properties and provides assistance to local municipalities with renovating distressed properties. Two Vice-Presidents at the bank served on the organization's Board of Directors during the evaluation period. The bank's involvement with this organization helped to provide access to affordable housing to low- and moderate-income families and individuals within the bank's assessment area.

#### *Financial Literacy*

- *Credit For Life* – During the evaluation period a number of bank employees participated in Credit for Life Fairs at High Schools within the bank's assessment area and in a broader statewide area. The fairs benefited students from both Brockton and Randolph High Schools, both of which have a majority of students who are considered low-income by the Massachusetts Department of Elementary and Secondary Education. The bank's participation in these fairs helped provide community services to low-income students in the form of financial literacy in both the bank's assessment area and in a broader statewide area.
- *First-time Homebuyer Seminars* – During the evaluation period, three employees of the bank participated in first-time homebuyer seminars that were hosted by Neighborworks Housing Solutions and Pro-Home Inc. The events helped to promote access to affordable housing for low- and moderate-income families and individuals within the bank's assessment area.

## PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, require all financial institution to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 756 Orchard Street Raynham, Massachusetts 02767.

[Please Note: If the institution has more than one assessment area, each office (other than off premises- electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by the Massachusetts Division of Banks, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.

## GLOSSARY

**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 area/assessment area.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five-year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**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.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**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. Other family 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).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do 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; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, 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 area/assessment area.

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities 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 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 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area (also known as non-MSA):** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**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.

**Rated Area:** A rated area is a state or multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.



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

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.