

PUBLIC DISCLOSURE

August 2, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bluestone Bank
Certificate Number: 90169

756 Orchard Street,
Raynham, MA 02767

Division of Banks
1000 Washington Street, 10th 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 federal financial supervisory agency concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	2
SCOPE OF EVALUATION	4
DESCRIPTION OF ASSESSMENT AREA	5
CONCLUSIONS ON PERFORMANCE CRITERIA	8
APPENDICES	18
INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA	18
GLOSSARY	19

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 **August 2, 2021**. 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: Bluestone Bank 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.

Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test and Community Development Test performance.

The Lending Test is rated Satisfactory.

- Bluestone Bank's average net loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of its assessment area.
- A majority of bank's home mortgage and small business loans are inside the assessment area.
- The geographic distribution of home mortgage and small business loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, good penetration among individuals of different income levels and business of different revenue sizes (including low- and moderate-income).
- The bank did not receive any CRA-related complaints; therefore, this factor did not affect the Lending Test rating. The bank has an adequate record relative to fair lending policies and practices and a reasonable percentage of applications received from ethnic and racial minority applicants in the assessment area.

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.

DESCRIPTION OF INSTITUTION

Background

Bluestone Bank is a Massachusetts state-chartered mutual savings bank originally established in 1872. On October 1, 2020, Mansfield Savings Bank merged with and into Bridgewater Savings Bank and was renamed, Bluestone Bank.

The institution received a Satisfactory CRA rating from the Division and FRBB during its prior concurrent evaluation using ISI Examination Procedures.

Operations

The bank is headquartered in Raynham, MA and operates 12 full-service branches, two Loan Production Offices in Marshfield and Wrentham and 3 Standalone ATMs at Hobomock Plaza in West Bridgewater, East Middleboro, and Mansfield. In addition to the main office in Raynham, the full service offices are located in (2) Bridgewater, East Bridgewater, Lakeville, Mansfield, Norton, Pembroke, Plainville, Taunton, and (2) West Bridgewater. Four of the full-service branches were acquired as a result of the merger. There were no branch closures during the review period.

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.

The bank employs approximately 15 individuals who speak at least one language outside of English, including Dutch, German, French, Portuguese, Polish, and Spanish. Given the assessment area's diversity, these services are useful in providing assistance to those who are not proficient in English

Ability and Capacity

The bank has grown in size since the merger between Bridgewater Savings Bank and Mansfield Savings Bank creating a combined entity totaling over \$1 billion in assets. Assets totaled approximately \$1.28 billion as of March 31, 2021 and included loans of \$852 million. The following table illustrates the loan portfolio.

Loan Portfolio Distribution as of March 31, 2021		
Loan Category	\$(000s)	%
Construction and Land Development	64,312	7.5%
Secured by Farmland	0	0.0%
Secured by 1-4 Family Residential Properties	412,600	48.4%
Secured by Multifamily (5 or more) Residential Properties	60,442	7.1%
Secured by Nonfarm Nonresidential Properties	233,105	27.4%
Total Real Estate Loans	770,459	90.4%
Commercial and Industrial Loans	64,445	7.5%
Agricultural Loans	0	0.0%
Consumer Loans	18,350	2.1%
Other Loans	0	0.0%
Less: Unearned Income	0	0.0%
Total Loans	852,254	100.0%
<i>Source: Reports of Condition and Income</i>		

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

SCOPE OF EVALUATION

General Information

This evaluation, was conducted concurrently with the Federal Reserve Bank of Boston and the Commonwealth of Massachusetts Division of Banks (DOB), covers the period from the prior evaluation, dated May 1, 2017, to the current evaluation dated August 2, 2021. Examiners used the FFIEC Interagency Intermediate Small Institution (ISI) Examination Procedures to evaluate the bank's performance. These procedures include two tests: the CRA Lending Test and the 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.

Loan Products 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 loans originated during the evaluation period.

Home mortgage lending data analyzed included full-year data from January 1, 2019, through December 31, 2020. Information related to home mortgage lending was derived from the 2019 Loan Application Registers (LARs) maintained by the former Bridgewater Savings Bank. The 2020 LAR reflects the full year of Bridgewater Savings Bank activity and includes the former Mansfield Savings Bank LAR from the date of the merger on October 1, 2020, to December 31, 2020.

Examiners also considered the entire universe of small business loans originated from January 1, 2019, through December 31, 2020. Home mortgage lending received greater 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 the institution's lending performance to 2015 American Community Survey (ACS) data, 2019 and 2020 D&B data, and aggregate reported home mortgage data. Where feasible, the performance of comparable institutions was also used as a comparison. The evaluation of community development (CD) activities includes all qualified activities from May 1, 2017, through August 2, 2021. Examiners assessed CD activities quantitatively based on the bank's financial capacity, and qualitatively based upon the impact and responsiveness to assessment area needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. Bluestone Bank designated an assessment area within the Boston, MA, MD and the Providence-Warwick, RI-MA MSA. The bank expanded its assessment area in 2020 to be in line with their business strategy and also added additional towns as a result of the merger with the former Mansfield Bank. The assessment area was expanded by the following cities/towns: Abington, Attleboro, Duxbury, Hanover, Kingston, North Attleboro, Norwell, Plympton, Rockland, Scituate, and Whitman.

Economic and Demographic Data

The assessment area consists of 139 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 to the 2015 ACS Census.

- 6 low-income census tracts
- 19 moderate-income census tracts
- 49 middle-income census tracts
- 63 upper-income census tracts.
- 2 census tracts are categorized as N/A; one of them contains the Bridgewater State Prison, and the other one contains Bridgewater State University.

The low-income census tracts are located in Brockton (5) and Taunton (1). The moderate-income tracts are located in Brockton (10), Taunton (3), Attleboro (3), Middleborough (1), North Attleboro (1) and Carver (1). There are no distressed or underserved geographies or designated disaster areas in the bank's assessment area.

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)	139	4.3	13.7	35.3	45.3	1.4
Population by Geography	737,813	3.3	11.9	34.3	49.9	0.7
Housing Units by Geography	278,291	3.5	13.0	35.3	48.1	0.1
Owner-Occupied Units by Geography	195,575	1.1	8.3	36.8	53.7	0.0
Occupied Rental Units by Geography	65,566	9.8	25.1	31.3	33.6	0.2
Vacant Units by Geography	17,150	7.2	19.8	32.7	40.2	0.0
Businesses by Geography	56,619	3.3	9.1	34.5	52.9	0.2
Farms by Geography	1,642	0.7	6.9	37.3	55.1	0.0
Family Distribution by Income Level	187,549	17.7	15.4	20.4	46.5	0.0
Household Distribution by Income Level	261,141	20.4	13.3	16.5	49.9	0.0
Median Family Income MSA - 14454 Boston, MA		\$90,699	Median Housing Value			\$326,722
Median Family Income MSA - 39300 Providence-Warwick, RI-MA MSA		\$73,950	Median Gross Rent			\$1,062
			Families Below Poverty Level			5.2%
<i>Source: 2015 ACS and 2020 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2015 ACS data, 5.2 percent of families are below the poverty level in the assessment area. This may limit these families from qualifying for a home mortgage loan, which limits lending opportunities. In addition, 9.4 percent of the owner-occupied units are located in low- and moderate-income census tracts. The low owner-occupancy rates, particularly in low-income census tracts at 1.1 percent, indicates limited owner-occupied home mortgage lending opportunities in those census tracts. The percentage of vacant properties in low and moderate-income census tracts, however, demonstrates opportunities for rehabilitating and renovating properties in the assessment area.

Examiners used the FFIEC- updated median family income level to analyze home mortgage loans under the Borrower Profile criterion. The following table presents low-, moderate-, middle- and upper-income categories. These categories are based on the 2019 and 2020 FFIEC-updated median family income for each MD in the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA Median Family Income (14454)				
2019 (\$105,500)	<\$52,750	\$52,750 to <\$84,400	\$84,400 to <\$126,600	≥\$126,600
2020 (\$109,800)	<\$54,900	\$54,900 to <\$87,840	\$87,840 to <\$131,760	≥\$131,760

Providence-Warwick, RI-MA MSA Median Family Income (39300)				
2019 (\$85,100)	<\$42,550	\$42,550 to <\$68,080	\$68,080 to <\$102,120	≥\$102,120
2020 (\$89,000)	<\$44,500	\$44,500 to <\$71,200	\$71,200 to <\$106,800	≥\$106,800
<i>Source: FFIEC</i>				

Competition

The bank operates in a highly competitive market for loans. In 2020, 486 lenders originated or purchased 55,205 home mortgage loans in the assessment area. The top five lenders of the market included Citizens Bank, N.A.; Wells Fargo Bank; Quicken Loans, LLC; Leader Bank, N.A.; and Residential Mortgage Services. The bank is rated 15th in the market.

Community Contact

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows available credit and community development opportunities.

Examiners contacted a non-profit community action organization serving communities within the assessment area. The group helps low- and moderate-income people by providing financial education and counseling, workforce training, affordable housing programs including emergency housing assistance, food and nutrition programs, and childcare and early childhood education. The contact described how the COVID-19 pandemic has reshaped and increased demand for food, childcare, re-entering the workforce and financial education resources. The contact further indicated a need for innovative solutions addressing equitable incomes among diverse populations.

Credit and Community Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and financial education represent primary credit needs for the assessment area.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 87.2 percent over the past 16 calendar quarters from June 30, 2017, to March 31, 2021. The ratio ranged from a low of 74.4 percent as of March 31, 2021, to a high of 96.1 percent as of December 31, 2017. The ratio remained generally stable during the evaluation period. The bank sells loans to the secondary market, which are not reflected in the LTD ratio. From January 1, 2020, through March 31, 2021, the bank sold 1,896 loans totaling \$617.2 million. The bank's average LTD ratio is below two comparable institutions and above one comparable institution. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus. The following table illustrates the bank's ratio compared to the other banks.

Loan-to-Deposit Ratio Comparison		
Institution	Total Assets as of 3/31/2021 (\$000s)	Average Net LTD Ratio (%)
Dedham Institution for Savings	1,553	91.2
South Shore Bank	1,984	89.8
Bluestone Bank	1,294	87.2
North Easton Savings Bank	1,331	81.1

Source: Reports of Income and Condition 6/30/2017 through 3/31/2021

Assessment Area Concentration

The bank originated a majority of home mortgage and small business loans in its assessment area.

The increase in loan volume of home mortgage loans is attributed to an increase in refinance transactions combined with a low interest rate environment. Additionally, the bank's loan production offices are staffed with an experienced residential and commercial loan team to facilitate the loan application volume and transactions. In 2019, the bank ranked 13th in the market in originations and purchases of home mortgage loans. In 2020, the bank ranked 12th. The market share performance demonstrates a willingness to lend and meet the needs in the assessment area. Refer to the table below for more details.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				
	Inside		Outside			Inside		Outside		Total
	#	%	#	%		#	\$	%	\$	%
Home Mortgage										
2019	422	66.1	216	33.9	638	126,400	61.3	79,736	38.7	206,136
2020	1,006	58.5	712	41.5	1,718	327,320	53.7	281,670	46.2	608,990
Subtotal	1,428	60.6	928	39.4	2,356	453,720	55.6	361,406	44.4	815,126
Small Business										
2019	27	56.3	21	43.8	48	7,535	42.3	10,272	57.7	17,807
2020	24	57.1	18	42.9	42	7,897	54.7	6,548	45.3	14,445
Subtotal	51	56.7	39	43.3	90	15,432	47.8	16,820	52.2	32,252
Total	1,479	60.5	967	39.5	2,446	469,152	55.4	378,226	44.6	847,378

Source: Bank Data 2019 & 2020 HMDA and Small Business 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 distribution of home mortgage loans and small business loans reflects a reasonable distribution in low- and moderate-income geographies.

Home Mortgage Loans

In 2019, the bank originated 0.2 percent of home mortgage loans within low-income census tracts, below the aggregate performance of 1.3 percent and below the percentage of owner-occupied housing of 1.1 percent. In 2020, the percentage of loans within low-income census tracts increased to 0.4 percent yet remained below the percentage of owner occupied housing units.

The bank originated 5.0 percent of home mortgage loans within moderate-income census tracts in 2019. This number is below the aggregate performance of 8.1 percent and the owner-occupied housing percentage of 8.3 percent within the assessment area. In 2020, home mortgage loans in moderate-income census tracts increased to 15.2 percent.

At the last examination, the bank had a poor performance in low and moderate-income census tracts. The bank has improved its performance and has pursued lending opportunities in areas with high concentrations of low and moderate-income areas. For example, the bank offers the BuyBrockton Mortgage loan product, a special low-down payment mortgage program within in the City of Brockton. Please refer to the table below for more information.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	1.1	1.3	1	0.2	255	0.2
2020	1.1	1.1	4	0.4	990	0.3
Moderate						
2019	8.3	8.1	21	5.0	5,565	4.4
2020	8.3	6.8	30	3.0	7,520	2.3
Middle						
2019	36.8	35.6	206	48.8	50,010	39.6
2020	36.8	33.9	432	42.9	121,790	37.2
Upper						
2019	53.7	54.9	194	46.0	70,570	55.8
2020	53.7	58.1	538	53.5	196,510	60.0
Income Not Available						
2019	0.0	0.1	0	0.0	0	0.0
2020	0.0	0.1	2	0.2	510	0.1
Totals						
2019	100.0	100.0	422	100.0	126,400	100.0
2020	100.0	100.0	1,006	100.0	327,320	100.0
<i>Source: 2010 U.S. Census and 2015 ACS Data; 2019 & 2020 of HMDA Reported Data; 2019 & 2020 HMDA Aggregate Data; "--" data not available</i>						

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion. In 2019, the bank originated one loan each in low and moderate-income census tracts. The 2020 performance in moderate-income tracts improved with the percentage of lending being above the demographic of businesses in moderate-income areas. This is an improvement in performance compared to the last examination.

2019 - Geographic Distribution of Small Business Loans			
Tract Income Level	% of Businesses	#	%
Low	3.1	1	3.7
Moderate	8.9	1	3.7
Middle	35.7	14	51.9
Upper	52.1	9	33.3
Income Unknown	0.2	2	7.4
Total	100.0	27	100.0
<i>Source: 2019 D&B Data, 2019 Bank Records</i>			

2020 - Geographic Distribution of Small Business Loans			
Tract Income Level	% of Businesses	#	%
Low	3.1	1	4.2
Moderate	8.9	5	20.8
Middle	35.7	7	29.2
Upper	52.1	10	41.7
Income Unknown	0.2	1	4.1
Total	100.0	24	100.0
<i>Source: 2020 D&B Data, 2020 Bank Records</i>			

Borrower Profile

The distribution of borrowers reflects good penetration among individuals of different income levels and businesses of different sizes in the assessment area. The bank's performance of home mortgage and small business lending support this conclusion.

Home Mortgage

The distribution of home mortgage loans to individuals of different income levels, including low-and moderate-income borrowers, is good. Examiners focused on the comparison to aggregate data. The bank's 2019 home mortgage lending to low-and moderate-income borrowers is above the aggregate performance. The bank offers a number of loan products designed to assist low and moderate-income borrowers. The efforts and willingness to lend to these income categories is also demonstrated in the 2020 market sharing ranking. In 2020, the bank ranked 12th in lending to low-income borrowers and 13th in lending to moderate-income borrowers.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	17.7	5.6	30	7.1	4,830	3.8
2020	17.7	4.6	51	5.0	7,165	2.2
Moderate						
2019	15.4	19.5	100	23.7	21,250	16.8
2020	15.4	18.0	186	18.5	45,090	13.8
Middle						
2019	20.4	27.4	137	32.5	37,865	30.0
2020	20.4	27.1	277	27.5	84,615	25.9
Upper						
2019	46.5	42.4	151	35.8	59,765	47.3
2020	46.5	43.7	474	47.1	184,200	56.3
Income Not Available						
2019	0.0	5.1	4	0.9	2,690	2.1
2020	0.0	6.5	18	1.8	6,250	1.9
Total						
2019	100.0	100.0	422	100.0	126,400	100.0
2020	100.0	100.0	1,006	100.0	327,320	100.0
<i>Source: 2010 U.S. Census and 2015 ACS Data; 2019 & 2020 of HMDA Reported Data; 2019 & 2020 HMDA Aggregate Data; "--" data not available</i>						

Small Business Lending

The distribution of the small business loans reflects good penetration of businesses of different sizes. The following table shows in 2019, 48.1 percent of small business loans were extended to businesses with GARs of \$1 million or less. In 2020, the bank’s percentage of loans in this revenue category improved to 100.0 percent of the originations. The bank attributes this distribution of lending in 2020 to the loan production office being staffed with an experienced team of loan officers. The bank is engaged in outreach opportunities to assist small business and also offers a number of flexible loan products to meet the needs in the assessment area.

2019 - Distribution of Small Business Loans by Gross Annual Revenue Category			
Gross Revenue Level	% of Businesses	#	%
≤ \$1,000,000	91.5	13	48.1
> \$1,000,000	7.9	14	51.9
Revenue Not Available	0.6	0	0.0
Total	100.0	27	100.0
<i>Source: 2019 D&B Data, 2019 Bank Records</i>			

2020 - Distribution of Small Business Loans by Gross Annual Revenue Category			
Gross Revenue Level	% of Businesses	#	%
≤ \$1,000,000	91.5	24	100.0
> \$1,000,000	7.9	0	0
Revenue Not Available	0.6	0	0
Total	100.0	24	100.0
<i>Source: 2020 D&B Data, 2020 Bank Records</i>			

Response to CRA related Complaints

The bank did not receive any CRA-related complaints during the evaluation period; therefore, this criterion did not impact the Lending Test 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 previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

Minority Application Flow

Division of Banks Examiners reviewed the bank’s 2019 and 2020 HMDA LARs to determine if the application flow from the different racial groups within the bank’s assessment area reflected the assessment area’s demographics. Considering the assessment area’s demographic composition and comparisons to the 2019 and 2020 aggregate data, the bank’s minority application flow is reasonable.

The Bank’s assessment area contained a total population of 354,395 individuals of which 54.5 percent are minorities. The minority population represented is 22.7 percent Black/African American, 9.3 percent Asian, 0.2 percent American Indian, 18.8 percent Hispanic or Latino, and 3.5 percent other.

The bank’s level of applications was compared with that of the 2019 and 2020 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	2019 Bank HMDA		2019 Aggregate Data	2020 Bank HMDA		2020 Aggregate Data
	#	%	%	#	%	%
American Indian/ Alaska Native	0	0.0	0.2	4	0.3	0.2
Asian	11	1.8	2.4	22	1.7	3.1
Black/ African American	16	2.7	7.0	41	3.2	6.2
Hawaiian/Pacific Islander	0	0.0	0.1	0	0.0	0.1
2 or more Minority	4	0.7	0.1	1	0.1	0.1
Joint Race (White/Minority)	5	0.8	1.1	18	1.4	1.2
Total Racial Minority	36	6.0	10.9	86	6.7	10.9
White	483	80.8	66.3	1,036	79.5	66.5
Race Not Available	79	13.2	22.8	180	13.8	22.6
Total	598	100.0	100.0	1,302	100.0	100.0
ETHNICITY						
Hispanic or Latino	15	2.5	3.1	21	1.6	2.9
Joint (Hisp/Lat /Not Hisp/Lat)	2	0.3	0.9	11	0.8	1.0
Total Ethnic Minority	17	2.8	4.0	32	2.4	3.9
Not Hispanic or Latino	466	77.9	72.5	950	73.0	72.0
Ethnicity Not Available	115	19.3	23.5	320	24.6	24.1
Total	596	100.0	100.0	1,302	100.0	100.0

Source: ACS Census 2015, HMDA Aggregate Data 2019 and 2020, HMDA LAR Data 2019 and 2020

In 2019, the bank received 596 HMDA reportable loan applications within its assessment area. Of these applications, 36 or 6.0 percent were received from minority applicants, 55.6 percent of which resulted in originations. The aggregate received 10.9 percent of its applications from minority consumers, of which 53.3 percent of which were originated. For the same time period, the bank received 17 or 2.8 percent of all applications from ethnic groups of Hispanic origin within its assessment area of which 76.5 percent were originated, compared to an aggregate ethnic minority application rate of 4.0 percent with a 55.5 percent origination rate.

In 2020, the bank received 1,302 HMDA reportable loan applications within its assessment area. Of these applications, 86 or 6.7 percent were received from minority applicants, 57.0 percent of which resulted in originations. The aggregate received 10.9 percent of its applications from minority consumers, of which 58.9 percent of which were originated. For the same time period, the bank received 32 or 2.4 percent of all applications from ethnic groups of Hispanic origin within its assessment area of which 62.5 percent were originated, compared to an aggregate ethnic minority application rate of 3.9 percent with a 59.6 percent origination rate.

The bank's activity in 2019 and 2020 reflect a reasonable racial minority application flow.

COMMUNITY DEVELOPMENT TEST

Bluestone Bank demonstrates adequate responsiveness to the assessment area's community development needs through qualified community development loans, qualified donations, 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 May 1, 2017, through August 2, 2021.

Community Development Loans

The bank originated 317 community development loans totaling approximately \$32.6 million during the evaluation period. This level of activity represents approximately 4.7 percent of average total assets (\$704.0 million) and 6.4 percent of average total loans (\$512.6 million) since the prior CRA evaluation. The majority of qualifying community development loans were made under the Paycheck Protection Program (PPP) and qualified as revitalization or stabilization within the assessment area. The bank also originated 7 loans totaling 2.1 million to affordable housing needs which created approximately 36 units of affordable housing. The following table illustrates community development loans by year and purpose.

This level of community development lending represents an increase from the previous exam where bank originated two community development loans totaling \$1.97 million. Even without the PPP loans it still represents an increase.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
5/1/2017-12/31/2017	0	0	0	0	0	0	0	0	0	0
2018	2	843	0	0	0	0	0	0	2	843
2019	3	937	0	0	0	0	0	0	3	937
2020	0	0	0	0	0	0	172	15,282	172	15,282
YTD 2021	2	325	0	0	0	0	138	15,293	140	15,618
Total	7	2,105	0	0	0	0	310	30,575	317	32,680

Source: Bank Record

Below are notable examples of the bank’s qualified community development loan activities:

- In 2018, the bank originated a \$486,000 loan for the construction of 5 affordable housing units in the assessment area as part of a larger 21-unit housing project. All five units will be constructed and sold below market value.
- In 2019, the bank originated a \$1.8 million loan for the construction of 17 affordable housing units in the assessment area as part of a larger 35-unit housing project. All 17 affordable housing units will be constructed and sold below market value.
- In response to the COVID-19 pandemic in 2020, the bank originated 310 PPP loans totaling approximately \$30.5 million within its assessment area in 2020 and 2021. These loans were administered by the SBA as part of the Coronavirus Aid, Relief, and Economic Security Act. The PPP loans help businesses retain staff during the economic crisis due to the Covid-19 pandemic. These loans are particularly responsive as they provide funding to businesses in order to retain jobs during the pandemic.

Qualified Investments

During the evaluation period, Bluestone Bank had 3 qualified equity investments totaling \$2.4 million and donations totaling \$228,567. The qualified investments demonstrate the bank's responsiveness to the needs of the low- and moderate-income individuals and geographies within the assessment area. The qualified donations were made by both Bluestone Bank and the Bluestone Charitable Foundation. The Bluestone Charitable Foundation provides financial support to local organizations that create a positive impact on the communities the bank serves.

The dollar amount of investments is a decrease from the last exam where investments totaled approximately \$5.2 million. The decrease is attributed to a CRA investment being sold. However, the bank was proactive in seeking out other investments. The bank purchased approximately \$1.9 million in SBIC funds in 2017 and 2019. These funds provide critical financing for small business development throughout the nation including the bank's assessment areas. The bank also has a prior period SBIC investment with a current book value of \$602,977.

Below are notable examples of donation activity:

- **United Way of Greater Plymouth County** – During the evaluation period, the bank made multiple donations to the United Way of Greater Plymouth County. A majority of the donations made by the bank were used to purchase winter apparel for underprivileged youth in Brockton and Plymouth.
- **Girl's Inc. of Taunton** – Girls Inc. is a non-profit organization that inspires all girls to be strong, smart and bold. During the evaluation period, the bank made a donation to provide scholarships for girls to attend Girl's Inc. who may not otherwise be able to attend without financial aid.
- **Schools on Wheels of Massachusetts** – During the evaluation period, the bank made multiple donations to Schools on Wheels of Massachusetts. Schools on Wheels of Massachusetts supports academic, social and emotional growth of students who are impacted by homelessness.
- **South Shore Habitat for Humanity** – The bank made multiple donations to the South Shore Habitat for Humanity. The bank's donations assist South Shore Habitat for Humanity provide affordable housing for local families.

Community Development Services

During the evaluation period, Bluestone Bank employees, officers and directors provided numerous instances of community development services in the form of employee involvement, educational seminars, and other services to 18 different organizations. The following list is a sample of the bank's community development services during the evaluation period.

Employee Involvement

- **Southeastern Economic Development Corp. (SEED)** – A Senior Vice President of the bank served as a board member for SEED. SEED is a nonprofit economic development corporation that helps small businesses get started. The organization administers small business Fast Track Loans, SBA micro-Loans, small dollar loans and SBA 504 loans.
- **Pro-Home Inc.** – A Vice President of the bank serves as President of Pro-Home Inc. Pro-Home Inc. is a non-profit organization that advocates for the production and protection of low- and moderate-income affordable housing. The organization offers a wide range educational programs which cover first time home buyer programs, foreclosure counseling, and other classes designed to assist low- and moderate-income families and individuals.
- **Old Colony YMCA Taunton** – An Officer of the bank served on the Board of Governors for the Old Colony YMCA in Taunton. Old Colony YMCA serves over 140,000 children and families in 31 communities. The YMCA provides its members with multiple services including a family stabilization program, behavioral healthcare programs, work force and education programs.
- **Old Colony Habitat for Humanity** – A Senior Vice President of the bank serves on the Board of Officers for the Old Colony Habitat for Humanity. Old Colony Habitat for Humanity serves 19 communities by providing resources, guidance and hope to families by helping them build or improve a place they call home. Old Colony Habitat for Humanity builds homes for local families and veterans in the cities and towns they serve.

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes;
- 4) The geographic distribution of the bank's loans; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to the area's community development needs considering the amount and combination of these activities, along with their qualitative aspects.

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.

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.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan

funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
 - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

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.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or

- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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.

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

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 Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions 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, MA 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 its supervisory agencies, 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.