

PUBLIC DISCLOSURE

August 2, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bluestone Bank
RSSD # 699105

756 Orchard Street
Raynham, MA 02767

Federal Reserve Bank of Boston
600 Atlantic Avenue
Boston, Massachusetts 02210

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, 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.

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**INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.
The Lending Test is rated: SATISFACTORY
The Community Development Test is rated: SATISFACTORY**

Bluestone Bank (Bluestone or the bank) demonstrates an adequate responsiveness to the credit needs of its assessment area based on the following findings:

Lending Test

- The loan-to-deposit (LTD) ratio is reasonable (considering reasonable variations and taking into account lending related activities) given the bank's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending related activities are in the bank's assessment area.
- The distribution of loans to individuals of different income levels (including low- and moderate-income individuals) and businesses of different sizes is excellent given the demographics of the assessment area.
- The geographic distribution of loans is reasonable given the assessment area.
- There have been no complaints regarding the bank's CRA performance since the last CRA examination.

Community Development Test

- The bank's community development performance demonstrates adequate responsiveness to community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

SCOPE OF EXAMINATION

Bluestone's performance review was based on CRA activities conducted using the Federal Financial Institutions Examination Council (FFIEC) Examination Procedures for Intermediate Small Institutions¹. These procedures evaluate banks under two tests: The Lending Test and the Community Development Test. The Lending Test evaluates the bank's lending performance pursuant to the following criteria: LTD ratio, assessment area concentration of loans, geographic distribution of loans, loan distribution according to the income of the borrower, and response to CRA-related complaints. The Community Development Test measures the number and amount of community development loans; the number and amount of qualified investments; the extent to which the institution provides community development services, and the bank's responsiveness through such activities. The data used for the examination and the applicable timeframes are discussed below.

Lending Test

The Lending Test evaluated the bank's home mortgage and small business lending activity from January 1, 2017 through December 31, 2020. The bank's lending data for the two most recent full years for which aggregate data was available, 2019 and 2020, are presented in the lending tables unless otherwise noted. Performance in 2017 and 2018 was also considered; however, these years are only discussed in the narrative relative to consistency of performance with 2019 and 2020. Due to the number of loans originated during the review period, greater weight was given to home mortgage loans than small business loans in arriving at overall conclusions. The bank's net LTD ratio was calculated from FFIEC Consolidated Reports of Condition and Income (Call Reports) as of June 30, 2017 through March 31, 2021, covering 16 quarters since the prior examination.

Home mortgage loan data was obtained from Loan Application Registers (LARs), maintained by the bank pursuant to the Home Mortgage Disclosure Act (HMDA). HMDA reporting requirements changed in 2018; therefore, this examination does not compare the bank's 2017 home mortgage lending performance to its 2018, 2019, and 2020 home mortgage lending performance. Additionally, this examination does not consider the new HMDA loan purposes of "other" and "not applicable". The bank's home mortgage loan performance was compared to applicable aggregate data. Aggregate data consists of lending information from all HMDA reporters that originated or purchased HMDA-reportable loans in the bank's assessment area. The 2017 aggregate data was obtained from the FFIEC's HMDA data, and the 2018, 2019, and 2020 aggregate data was obtained from the Consumer Finance Protection Bureau (CFPB). The new loan purposes of "other" and "not applicable" were excluded from the 2018, 2019, and 2020 aggregate data. The bank's home mortgage lending performance was also compared to demographics from the 2015 American Community Survey (ACS) and 2020 FFIEC Census data. While both the number and dollar volume of the bank's home mortgage loans were reviewed, the number of originations was weighted more heavily when forming overall conclusions.

¹ "Intermediate small institution" means a bank or savings association with assets of at least \$330 million as of December 31 of both of the prior two calendar years and less than \$1.322 billion as of December 31 of either of the prior two calendar years.

Small business loan data was obtained from the bank and is shown in comparison to relative business information obtained from Dun & Bradstreet, Inc., Short Hills, New Jersey (D&B). Small business loans are defined as commercial real estate loans and commercial and industrial loans with original loan amounts of \$1 million or less. A comparison to aggregate lenders for small business lending was not considered for this examination, as the bank is not subject to the reporting requirements applicable to large banks. While both the number and dollar volume of the bank's small business loans were reviewed, the number of originations was weighted more heavily when arriving at overall conclusions.

Community Development Test

The Community Development Test included a review of community development loans, investments, and services for the period of May 1, 2017 through August 2, 2021. The Community Development Test is evaluated in the context of community needs and the capacity of the bank.

DESCRIPTION OF INSTITUTION

Bluestone was formed as a result of the merger between two community banks, Bridgewater Savings Bank and Mansfield Bank. The merger of these two institutions occurred on October 1, 2020. Bridgewater Savings Bank was the surviving bank, though the merged bank took the name, Bluestone. Bridgewater Savings Bank's last CRA examination was conducted by the Federal Reserve Bank of Boston on May 1, 2017 in accordance with the FFIEC Examination Procedures for Intermediate Small Institutions. The bank was rated Satisfactory. Both the Lending Test and the Community Development Test were rated Satisfactory.

Bluestone is headquartered at 756 Orchard Street in Raynham, MA, within Bristol County. In addition to its headquarters, the bank operates 11 full-service branches: three branches in Mansfield, Norton, and Taunton, within Bristol County; one branch in Plainville, within Norfolk County; and seven branches in Bridgewater, East Bridgewater, Lakeville, Middleborough, Pembroke, and West Bridgewater (2), within Plymouth County. The branches located in Mansfield, Norton, Plainville, and West Bridgewater were former Mansfield Bank branches and were acquired as part of the merger. All branch locations have an ATM. Additionally, the bank maintains three stand-alone ATMs in West Bridgewater, Mansfield, and Middleborough. Bluestone also operates two loan production offices (LPOs): one in Marshfield, within Plymouth County, and one in Wrentham, within Norfolk County. The LPO in Marshfield opened in 2018, after the previous examination. Bluestone is a wholly owned subsidiary of Bluestone Financial, MHC, and operates two non-lending subsidiaries. In addition, the bank operates a charitable foundation, Bluestone Bank Charitable Foundation, Inc. (Foundation).

The bank offers personal products and services such as checking and savings accounts, online and mobile banking, mortgages, and home equity loans and lines of credit. Notably, the bank offers TruBlue Mortgage (formerly Uncommon "More"gage) as a low down payment option for low- and moderate-income homebuyers within the bank's assessment area. Business products and services include checking and money market accounts, commercial and industrial loans, commercial real estate loans, FastTrack Business Loans, and Small Business Administration (SBA) loans, including SBA Express and SBA 504 loans. The bank's website,

www.bluestone.bank, provides branch and ATM location information and a listing of loan and deposit services, including rates. In addition to other traditional delivery methods, consumers may complete deposit and loan applications online via the bank’s website.

The bank’s significant growth in total assets, loans, and deposits since the last examination is reflective of asset consolidation due to the merger, as well as the financial events shaped by the COVID-19 pandemic: namely, the low interest rate environment, industry wide refinance boom, and historic deposit surge. As of March 31, 2021, assets totaled \$1.3 billion, loans totaled \$866.3 million, and deposits totaled \$1.156 billion. Since March 31, 2017, assets increased by \$750.4 million, or 42.3 percent, which is attributed to a \$454.2 million, or 47.6 percent, increase in the bank’s loan portfolio. The increase in loans is partly attributed to an approximate \$231.1 million increase in closed-end one-to-four family loans and a \$107.9 million increase in commercial real estate loans. While loans have increased in dollar volume, they have decreased as a percentage of total assets. As of March 31, 2021, the bank’s loan portfolio represents 66.6 percent of total assets. At the previous examination, total loans represented 75.0 percent of total assets. Deposits increased by \$705.9 million since the previous examination.

Table 1 shows the bank’s loan portfolio distribution as of March 31, 2021. Bluestone is primarily a home mortgage lender, with home mortgage real estate loans, including multifamily loans and revolving loans, totaling \$489.2 million, or 56.5 percent, of the loan portfolio. At the previous examination, home mortgage real estate loans comprised 47.6 percent of the loan portfolio. Home mortgage real estate loans mainly consist of 1-4 family closed-end loans secured by first liens. Commercial lending is the bank’s second largest business line with commercial real estate, construction and land development, and commercial and industrial loans together totaling \$358.9 million, or 41.1 percent, of the loan portfolio. At the previous examination, commercial real estate, construction and land development, and commercial and industrial loans comprised 48.2 percent of the loan portfolio.

Loan Type	Dollar Amount \$(000s)	Percent of Total Loans (%)
Construction and Land Development	51,883	6.0
Revolving 1-4 Family Home mortgage	39,865	4.6
1-4 Family Home mortgage	381,391	44.0
Multifamily (5 or more) Home mortgage	67,964	7.8
Commercial RE	235,029	27.1
Total Real Estate Loans	776,132	89.6
Commercial and Industrial	72,014	8.3
Consumer	18,142	2.1
Total Loans	866,288	100.0

Call Report as of March 31, 2021.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

Bluestone operates in a competitive geographic area where several community banks and credit unions, as well as larger regional and national banks, maintain a branch presence. According to the FDIC Deposit Market Share Report, as of June 30, 2020, there were 26 financial institutions offering deposit services within the bank’s assessment area. Bluestone ranked ninth for deposit market share, at 3.3 percent. Rockland Trust Company ranked first, at 20.0 percent; Bank of

America, N.A. ranked second, at 12.1 percent, and HarborOne Bank ranked third, at 11.0 percent. Rockland Trust Company and Bank of America, N.A. maintain 25 and 15 locations respectively, within the assessment area, while HarborOne Bank and Bluestone each maintain twelve.

Additionally, the bank operates in a competitive environment for home mortgage loans. Despite this competition, the bank's market rank has risen as HMDA lending volume within the assessment area has increased considerably, year over year, during the review period. According to 2019 HMDA aggregate data, of the 464 financial institutions that originated a HMDA-reportable loan within the assessment area, Bluestone ranked 24th with 422 originations; in 2020, of the 487 financial institutions that originated a HMDA-reportable loan within the assessment area, the bank ranked 15th with 1,001 originations. Quicken Loans, one of the country's largest mortgage lenders, ranked first with 3,281 originations. Residential Mortgage Services, a large home mortgage lender, ranked second with 2,054 originations. The bank also faces strong competition for loans from larger national banks, including Citizens Bank, N.A. and Wells Fargo, N.A.

Considering the bank's financial capacity, local economic conditions, assessment area demographics, and the competitive market in which it operates, the bank has demonstrated an ability to meet the credit needs in its assessment area. There are no legal or financial impediments that would impact the bank's ability to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

Bluestone's assessment area consists of 37 contiguous cities and towns located in portions of Norfolk, Plymouth, and Bristol Counties in Massachusetts. Norfolk County and Plymouth Counties are located in the Boston, MA Metropolitan Division (MD), which is part of the Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area (MSA). Bristol County is located in the Providence-Warwick, RI-MA MSA, which is a multistate MSA comprised of the entire state of Rhode Island and the adjacent Bristol County in Massachusetts. The bank's assessment area includes 98 of 1,006 census tracts in the Boston-Cambridge-Newton, MA-NH MSA and 41 of 370 census tracts in the Providence-Warwick, RI-MA MSA. The cities and towns in the assessment area in Norfolk County are Bellingham, Foxborough, Franklin, Norfolk, Plainville, Sharon, Walpole, and Wrentham. The cities and towns in the assessment area in Bristol County are Attleboro, Berkley, Dighton, Easton, Mansfield, North Attleboro, Norton, Raynham, and Taunton. The cities and towns in the assessment area in Plymouth County are Abington, Bridgewater, Brockton, Carver, Duxbury, East Bridgewater, Halifax, Hanover, Hanson, Kingston, Lakeville, Marshfield, Middleborough, Norwell, Pembroke, Plympton, Rockland, Scituate, West Bridgewater, and Whitman.

Since the previous examination, the bank has added 12 cities and towns to its assessment area. Notably, in March 2018, the bank opened a new LPO in Marshfield and added the abutting cities and towns of Abington, Duxbury, Hanover, Kingston, Marshfield, Norwell, Plympton, Rockland, Scituate, and Whitman. In October 2020, due to the merger, the bank added the cities and towns of Attleboro and North Attleboro to its assessment area. As part of the geographic expansion, 41 census tracts were added to the assessment area, of which 5 are moderate-income, 8 are middle-income, and 28 are upper-income.

Table 2 Assessment Area Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	6	4.3	5,363	2.9	1,533	28.6	33,212	17.7
Moderate-income	19	13.7	20,804	11.1	3,204	15.4	28,941	15.4
Middle-income	49	35.3	65,169	34.7	2,211	3.4	38,188	20.4
Upper-income	63	45.3	96,163	51.3	2,796	2.9	87,208	46.5
Unknown-income	2	1.4	50	0.0	0	0.0	0	0.0
Total Assessment Area	139	100.0	187,549	100.0	9,744	5.2	187,549	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	9,809	2,135	1.1	21.8	6,435	65.6	1,239	12.6
Moderate-income	36,094	16,268	8.3	45.1	16,426	45.5	3,400	9.4
Middle-income	98,206	72,048	36.8	73.4	20,542	20.9	5,616	5.7
Upper-income	133,984	105,038	53.7	78.4	22,051	16.5	6,895	5.1
Unknown-income	198	86	0.0	43.4	112	56.6	0	0.0
Total Assessment Area	278,291	195,575	100.0	70.3	65,566	23.6	17,150	6.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	1,099	3.1	1,007	3.1	81	2.9	11	5.9
Moderate-income	3,109	8.9	2,881	9.0	211	7.6	17	9.2
Middle-income	12,516	35.7	11,391	35.5	1,068	38.4	57	30.8
Upper-income	18,278	52.1	16,766	52.2	1,413	50.9	99	53.5
Unknown-income	55	0.2	49	0.2	5	0.2	1	0.5
Total Assessment Area	35,057	100.0	32,094	100.0	2,778	100.0	185	100.0
	Percentage of Total Businesses:			91.5		7.9		0.5

2020 FFIEC Census Data and 2020 D&B data.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

The assessment area contains 139 census tracts of which 6 tracts, or 4.3 percent, are low-income; 19 tracts, or 13.7 percent, are moderate-income; 49 tracts, or 35.3 percent, are middle-income; and 63 tracts, or 45.3 percent, are upper-income. The remaining 2 census tracts, or 1.4 percent, are unknown-income and consist of a correctional institution and Bridgewater State University located in Bridgewater. The low-income tracts are concentrated within Plymouth County, specifically in Brockton, which contains five of the assessment area's low-income tracts. One low-income tract is in Taunton. The 19 moderate-income tracts are located in the cities/towns of North Attleboro (1); Attleboro (3); Taunton (3); Middleborough (1); Brockton (10); and Carver (1).

Population

The assessment area has a total population of 737,813 individuals, of which 3.3 percent reside in

low-income tracts, 11.9 live in moderate-income tracts, 34.3 percent reside in middle-income tracts, 49.9 percent live in upper-income tracts, and 0.7 percent reside in unknown income tracts. Of the 187,549 families in the assessment area, 2.9 percent reside in low-income tracts, 11.1 percent reside in moderate-income tracts, 34.7 percent reside in middle-income tracts, and 51.3 percent reside in upper-income tracts. The low percentages of individuals and families residing in low and moderate-income tracts suggests limited opportunity for the bank to originate home mortgage loans in those tracts. Of the families in the assessment area, 17.7 percent are low-income, 15.4 percent are moderate-income, 20.4 percent are middle-income, and 46.5 percent are upper-income.

Income

The FFIEC adjusts the median family income (MFI) of metropolitan areas annually, based on estimates. The MFI for low-income is defined as family income less than 50 percent of the area median income; moderate-income is defined as income of at least 50 percent and less than 80 percent of median income; middle-income is defined as income of at least 80 percent but less than 120 percent of median income; and upper-income is defined as 120 percent of median income and above. Table 3 displays the MFIs for the assessment area.

Table 3 Median Family Income Comparison					
Year	MSA/MD/Town/County/State	MFI	Year	MSA/MD/Town/County/State	MFI
2019	Assessment Area	\$95,217	2020	Assessment Area	\$95,217
2019	Norfolk County	\$112,605	2020	Norfolk County	\$112,605
2019	Bristol County	\$73,775	2020	Bristol County	\$73,775
2019	Plymouth County	\$91,720	2020	Plymouth County	\$91,720
2019	Boston, MD	\$105,500	2020	Boston, MD	\$109,800
2019	Providence-Warwick, RI-MA MSA	\$85,100	2020	Providence-Warwick, RI-MA MSA	\$89,000
2019	Commonwealth	\$102,600	2020	Commonwealth	\$109,900

2015 ACS MFI & 2019 and 2020 FFIEC median family income estimates.

The MFIs for the assessment area and Norfolk, Bristol, and Plymouth Counties are based on the ACS. The MFIs for the Boston, MD, the Providence-Warwick, RI-MA MSA, and the Commonwealth are based on annual FFIEC estimates. The MFI for the assessment area during the review period was \$95,217, which exceeded that of Bristol and Plymouth Counties and was below that of Norfolk County. In addition, the percentage of families living below the poverty level is highest in Bristol County compared to other counties in the assessment area. The poverty level in Brockton, within Plymouth County, exceeded the assessment area, all counties therein, and the Commonwealth. This suggests that, while relatively comfortable overall, many residents in the assessment area may experience economic insecurity.

Housing

The assessment area includes 278,291 housing units, of which a significant majority, 86.8

percent, are 1-4 family housing; 13.2 percent are multifamily (five or more units); and 2.4 percent are mobile homes. A significant majority, 70.3 percent, of housing units within the assessment area are owner-occupied, while 23.6 percent are rental units, and 6.2 percent are vacant.

Within the assessment area, low-income census tracts contain only 3.5 percent of housing units, of which a majority, 65.6 percent, are rentals; 21.8 percent are owner-occupied, and 12.6 percent are vacant. The low percentage of housing units and majority percentage of rental units in low-income tracts suggest minimal opportunity for home ownership within those tracts. Moderate-income census tracts contain 13.0 percent of the assessment area's housing units, of which 45.5 percent are rentals; 45.1 percent are owner-occupied; and 9.4 percent are vacant, indicating limited opportunity for home loan origination in those tracts. In Brockton, 20.8 percent of housing units are located in low-income census tracts and 55.3 percent are in moderate-income tracts. Owner occupancy, rental occupancy, and vacancy rates in Brockton's low- and moderate-income census tracts are consistent with the assessment area, again indicating limited opportunity to originate home mortgage loans within this city.

Based on the 2015 ACS, the median housing value in the assessment area was \$326,761, which is above that of Bristol County, at \$273,100, and Brockton, at \$221,351, and below that of Norfolk County, at \$399,500, Plymouth County, at \$328,600, and the Commonwealth of Massachusetts (Commonwealth), at \$333,100. Recent data obtained from The Warren Group, Boston, MA, indicates that housing prices continue to rise. For calendar year 2020, the average median home sales price in the Commonwealth was \$435,000. Norfolk County was at \$545,000, Bristol County was at \$336,000, Plymouth County was at \$430,000, and Brockton was at \$350,000. These elevated home prices present a barrier to home ownership for many low- and moderate-income borrowers.

Business Characteristics

According to 2020 D&B data, there were 35,057 businesses within the bank's assessment area, of which 3.1 percent were located in low-income census tracts; 8.9 percent were located in moderate-income census tracts; 35.7 percent were located in middle-income census tracts; 52.1 percent were located in upper-income census tracts; and 0.2 percent were located in unknown income tracts. The percentage distribution of businesses by tract income was similar in 2019 and suggests that the opportunity for the bank to originate small business loans in low- and moderate-income tracts may be limited. Of the businesses in the assessment area, 32,094, or 91.5 percent, were small businesses with gross annual revenues (GARs) of \$1 million or less. The percentage distribution of businesses by GARs was similar in 2019 and indicates substantial opportunity for the bank to originate small business loans within the assessment area.

The top employers in the assessment area include the headquarters of global and national companies. In Bristol County, top employers include DePuy Inc., in Raynham, and Medtronic Inc., in Mansfield. In Norfolk County, top employers include Destination XL Group, Inc., in Canton, and Harvard Pilgrim Health Care, in Wellesley. In Plymouth County, two of the largest employers are Brockton VA Hospital Medical Center and Good Samaritan Medical Center, in Brockton.

Employment Statistics

According to data released by the U.S. Bureau of Labor Statistics, in 2020 the average unemployment rate in the assessment area was 9.3 percent, which was higher than the unemployment rate for Norfolk County, at 8.4 percent, and the Commonwealth, at 8.9 percent. The unemployment rates for Bristol and Plymouth Counties were higher than the assessment area, at 10.3 percent and 9.5 percent, respectively. The unemployment rate for all three counties in the assessment area rose sharply due to the COVID-19 pandemic, peaking in April 2020, with Bristol County, at 21.0 percent, Norfolk County, at 15.5 percent, and Plymouth County, at 18.3 percent. More recently, the unemployment rates in the assessment area have decreased, indicating that economic conditions are improving.

Community Contacts

As part of the examination process, third parties that are active in community affairs are contacted to assist in assessing the housing and credit needs in the bank's assessment area. Relevant information from this practice assists in determining whether local financial institutions are responsive to the credit needs of the community, and whether additional opportunities are available.

A community contact was conducted with a representative of a nonprofit organization dedicated to reducing poverty and helping low-income residents achieve financial stability and security. The contact, who has been affiliated with the organization for over 35 years, indicated that the housing crisis for low-income individuals and families in the South Shore area has been a long-standing issue; and the need for food and rental/mortgage assistance has reached an all-time high because of the COVID-19 pandemic. While the community contact recognized several institutions for their support in the community during the pandemic, it was noted that institutions could be more proactive in making minority small business loans and that institutions could partner with local community organizations to support this effort.

An additional community contact was conducted with a community contact representing a nonprofit organization dedicated to helping income eligible families and individuals improve their lives through affordable housing. The contact, who has approximately twenty years of experience in the affordable housing industry, explained that economic conditions, especially related to housing, make home ownership difficult for low- and moderate-income individuals in the area. In Norfolk County, home prices, rent, and other housing-related expenses are already high and continue to rise. These market conditions are affecting low- and moderate-income individuals in the community and limiting their ability to secure affordable housing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Bluestone's performance under the Lending Test is rated Satisfactory.

The following information further details the data compiled and reviewed, as well as conclusions on the bank's performance.

Loan-to-Deposit Ratio

Bluestone’s LTD ratio is reasonable (considering seasonable variations and taking into account lending related activities) given the bank’s size, financial condition, and assessment area credit needs. This performance criterion determines the percentage of the bank’s deposit base that is reinvested in the form of loans and evaluates its appropriateness. The bank’s net LTD figures are calculated from the bank’s quarterly FFIEC Call Reports. The ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits.

Table 4 provides a comparison of the bank’s average LTD ratio over the last 16 quarters under evaluation to similarly situated institutions operating within or near the assessment area.

Table 4 Loan-to-Deposit Ratio Comparison		
Institutions	Total Assets* \$(000’s)	Average LTD Ratio** (%)
Dedham Institution for Savings	1,770	91.2
South Shore Bank	1,984	89.8
Bluestone Bank	1,295	87.2
North Easton Savings Bank	1,331	81.1

*Call Report as of March 31, 2021

**Call Reports from June 30, 2017 to March 31, 2021

From June 30, 2017 to March 31, 2021, Bluestone’s average LTD ratio was 87.2 percent. The bank’s quarterly LTD ratio ranged from a low of 74.5 percent, as of March 31, 2021, the most recent quarter of the review period, to a high of 96.1 percent, as of December 31, 2017. This downward trend can be partially attributed to the industry-wide deposit surge spurred by the COVID-19 pandemic, which generated significant cash inflows without a corresponding increase in loan volume. Additionally, the bank sells many of its loans on the secondary market. During the review period, home mortgage loans were sold at an increasing rate year over year, peaking in 2020. At the end of 2020, Bluestone began an effort to retain more loans in its portfolio.

Assessment Area Concentration

This criterion evaluates the concentration of loans originated by the bank within its assessment area. As shown below, a majority of loans and other lending related activities are in the bank’s assessment area. Table 5 presents the bank’s levels of lending inside and outside the assessment area.

Table 5 Lending Inside and Outside the Assessment Area										
2017 Loan Type	Inside				Outside				Total	
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	\$(000s)
Home Purchase - Conventional	133	69.3	36,404	63	59	30.7	21,418	37.0	192	57,822
Home Purchase - FHA	20	64.5	5,746	67.2	11	35.5	2,804	32.8	31	8,550
Home Improvement	30	78.9	6,342	66.7	8	21.1	3,166	33.3	38	9,508
Multifamily Housing	0	0.0	0	0.0	1	100.0	2,475	100.0	1	2,475
Refinancing	56	70.9	12,246	57.1	23	29.1	9,205	42.9	79	21,451
Home Purchase - VA	6	66.7	1,673	60.4	3	33.3	1,099	39.6	9	2,772
Residential Total	245	70.0	62,411	60.8	105	30.0	40,167	39.2	350	102,578
Small Business Total	33	68.8	9,846	58.8	15	31.3	6,902	41.2	48	16,748
2017 Total	278	69.8	72,257	60.6	120	30.2	47,069	39.4	398	119,326
2018 Loan Type	Inside				Outside				Total	
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	\$(000s)
Home Purchase - Conventional	180	63.4	51,297	58.9	104	36.6	35,787	41.1	284	87,084
Home Purchase - FHA	17	68.0	5,175	71.0	8	32.0	2,113	29.0	25	7,288
Home Improvement	8	72.7	1,152	79.9	3	27.3	290	20.1	11	1,442
Multifamily Housing	1	50.0	800	23.1	1	50.0	2,670	76.9	2	3,470
Refinancing	73	75.3	18,277	67.0	24	24.7	9,018	33.0	97	27,295
Home Purchase - VA	3	100.0	810	100.0	0	0.0	0	0.0	3	810
Residential Total	282	66.8	77,511	60.8	140	33.2	49,878	39.2	422	127,389
Small Business Total	22	66.7	6,398	66.2	11	33.3	3,264	33.8	33	9,662
2018 Total	304	66.8	83,909	61.2	151	33.2	53,142	38.8	455	137,051
2019 & 2020 Loan Type	Inside				Outside				Total	
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	\$(000s)
Home Purchase - Conventional	420	62.1	134,267	56.4	256	37.9	103,981	43.6	676	238,248
Home Purchase - FHA	21	65.6	7,322	65.9	11	34.4	3,790	34.1	32	11,112
Home Improvement	12	66.7	1,455	50.8	6	33.3	1,410	49.2	18	2,865
Multifamily Housing	2	50.0	745	26.2	2	50.0	2,100	73.8	4	2,845
Refinancing	952	59.7	303,305	55.1	643	40.3	247,114	44.9	1,595	550,419
Home Purchase - VA	6	54.5	2,960	65.1	5	45.5	1,589	34.9	11	4,549
Residential Total	1,413	60.5	450,054	55.6	923	39.5	359,984	44.4	2,336	810,038
Small Business Total	51	56.7	15,432	47.8	39	43.3	16,820	52.2	90	32,252
2019 & 2020 Total	1,464	60.3	465,486	55.3	962	39.7	376,804	44.7	2,426	842,290

HMDA and small business for 2017, 2018, 2019 & 2020. Small business data is bank provided.
Total percentages shown may vary by 0.1 percent due to automated rounding differences.

During the review period, the bank originated a total of 3,279 home mortgage and small business loans, of which 2,046, or 62.4 percent, were inside the assessment area. In 2019 and 2020, as shown in Table 5, the bank originated 2,426 home mortgage and small business loans, of which 1,464, or 60.3 percent, were inside the assessment area. There was a downward trend in the total percentage of small business and home mortgage loans made within the assessment area year over year during the review period. Although the percentage of loans inside the assessment area decreased during the review period, the total number of loan originations increased year over year.

Home Mortgage Lending

A majority of home mortgage loans were originated inside the assessment area. Over the review period, the bank originated a total of 3,108 home mortgage loans, of which 1,940, or 62.4 percent, were inside the assessment area. The percentage of home mortgage loans made inside the assessment area trended downward during the review period. In 2017 and 2018, the bank originated 70.0 percent and 66.8 percent of its home mortgage loans inside the assessment area, respectively. In 2019, the bank made 628 home mortgage loans, of which 412, or 65.6 percent,

were within the assessment area. In 2020, the bank originated 1,708 home mortgage loans, of which 1,001, or 58.6 percent, were inside the assessment area.

The concentration of loan types was generally consistent in 2019 and 2020, with refinance loans most heavily concentrated within the assessment area. These two years also saw a significant increase in conventional home purchase lending and refinancing, due in part to the COVID-19 pandemic's economic impact, notably the refinance boom and low interest rate environment. In 2017 and 2018, conventional home mortgage loans were the most heavily concentrated loan type within the assessment area.

Small Business Lending

A majority of small business loans were originated inside the assessment area. Over the review period, the bank originated 171 small business loans, of which 106, or 62.0 percent, were inside the assessment area. In 2019 and 2020, the bank originated 90 small business loans, of which 51, or 56.7 percent, were inside the assessment area. The percentage of small business loans made inside the assessment area decreased for the first three years of the review period, before increasing more recently. In 2017, 68.8 percent of the bank's small business loans were within the assessment area. This percentage continued to trend downward over the next two years, reaching a low of 56.3 percent in 2019. In 2020, however, this percentage improved slightly, as the bank originated 42 small business loans, of which 24, or 57.1 percent, were within the assessment area.

Borrower Profile

This performance criterion analyzes the distribution of loans to borrowers of different income levels as well as businesses with different revenues. The distribution of loans to individuals of different income levels (including low- and moderate-income individuals) and businesses of different sizes is excellent given the demographics of the assessment area.

Home Mortgage Lending

Table 6 provides a comparison of the bank's lending by income level of the borrower to the income distribution of families in the assessment area and demographic data. The table further outlines the bank's performance by loan type in comparison to the aggregate group. The bank's performance in lending to individuals of different income levels, including low- and moderate-income borrowers, is excellent.

Table 6 Borrower Distribution of HMDA Loans Bank & Aggregate Lending Comparison														
Product Type	Borrower Income Levels	Families by Family Income %	2019						2020					
			Count		Dollar		Count		Dollar					
			Bank #	%	Agg %	Bank \$ (000s)	%	Agg %	Bank #	%	Agg %	Bank \$ (000s)	%	Agg %
HOME PURCHASE	Low	17.7%	16	8.0%	4.1%	\$2,660	4.3%	2.2%	23	9.3%	4.5%	\$3,321	4.0%	2.1%
	Moderate	15.4%	56	28.0%	21.4%	\$12,287	20.0%	16.3%	67	27.1%	22.4%	\$16,405	19.7%	15.1%
	Middle	20.4%	64	32.0%	25.9%	\$17,567	28.6%	24.6%	70	28.3%	26.2%	\$23,684	28.5%	21.8%
	Upper	46.5%	60	30.0%	32.8%	\$26,433	43.0%	41.1%	82	33.2%	34.1%	\$37,934	45.6%	36.2%
	Unknown	0.0%	4	2.0%	15.8%	\$2,489	4.1%	15.7%	5	2.0%	12.8%	\$1,769	2.1%	24.9%
	Total	100.0%	200	100.0%	100.0%	\$61,436	100.0%	100.0%	247	100.0%	100.0%	\$83,113	100.0%	100.0%
REFINANCE	Low	17.7%	11	5.4%	4.2%	\$1,492	2.4%	2.2%	25	3.3%	3.5%	\$3,413	1.4%	1.8%
	Moderate	15.4%	38	18.5%	15.1%	\$7,950	12.8%	11.1%	116	15.5%	15.0%	\$28,172	11.7%	11.1%
	Middle	20.4%	69	33.7%	23.9%	\$19,976	32.1%	21.7%	203	27.2%	24.5%	\$59,886	24.9%	21.8%
	Upper	46.5%	85	41.5%	40.3%	\$32,435	52.0%	46.8%	391	52.3%	42.4%	\$145,416	60.3%	47.2%
	Unknown	0.0%	2	1.0%	16.6%	\$469	0.8%	18.3%	12	1.6%	14.6%	\$4,096	1.7%	18.1%
	Total	100.0%	205	100.0%	100.0%	\$62,322	100.0%	100.0%	747	100.0%	100.0%	\$241,983	100.0%	100.0%
HOME IMPROVEMENT	Low	17.7%	0	0.0%	5.9%	\$0	0.0%	4.9%	1	16.7%	4.8%	\$160	26.4%	3.6%
	Moderate	15.4%	3	50.0%	15.5%	\$624	73.4%	13.1%	2	33.3%	14.0%	\$65	10.7%	11.7%
	Middle	20.4%	0	0.0%	24.3%	\$0	0.0%	21.6%	2	33.3%	24.0%	\$230	38.0%	21.9%
	Upper	46.5%	3	50.0%	51.1%	\$226	26.6%	55.6%	1	16.7%	53.0%	\$150	24.8%	54.4%
	Unknown	0.0%	0	0.0%	3.1%	\$0	0.0%	4.7%	0	0.0%	4.1%	\$0	0.0%	8.5%
	Total	100.0%	6	100.0%	100.0%	\$850	100.0%	100.0%	6	100.0%	100.0%	\$605	100.0%	100.0%
MULTIFAMILY	Low	17.7%	0	0.0%	1.1%	\$0	0.0%	0.1%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	15.4%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	1.6%	\$0	0.0%	0.2%
	Middle	20.4%	0	0.0%	1.1%	\$0	0.0%	0.1%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Upper	46.5%	0	0.0%	4.6%	\$0	0.0%	0.7%	0	0.0%	0.8%	\$0	0.0%	0.3%
	Unknown	0.0%	1	100.0%	93.1%	\$375	100.0%	99.2%	1	100.0%	97.6%	\$370	100.0%	99.5%
	Total	100.0%	1	100.0%	100.0%	\$375	100.0%	100.0%	1	100.0%	100.0%	\$370	100.0%	100.0%
HMDA TOTALS	Low	17.7%	27	6.6%	4.3%	\$4,152	3.3%	2.2%	49	4.9%	3.8%	\$6,894	2.1%	1.9%
	Moderate	15.4%	97	23.5%	17.6%	\$20,861	16.7%	13.1%	185	18.5%	16.6%	\$44,642	13.7%	12.1%
	Middle	20.4%	133	32.3%	24.5%	\$37,543	30.0%	22.1%	275	27.5%	24.6%	\$83,800	25.8%	21.3%
	Upper	46.5%	148	35.9%	37.7%	\$59,094	47.3%	42.7%	474	47.4%	40.4%	\$183,500	56.4%	42.9%
	Unknown	0.0%	7	1.7%	16.0%	\$3,333	2.7%	19.8%	18	1.8%	14.7%	\$6,235	1.9%	21.8%
	Total	100.0%	412	100.0%	100.0%	\$124,983	100.0%	100.0%	1,001	100.0%	100.0%	\$325,071	100.0%	100.0%

2015 ACS, 2019 & 2020 Aggregate HMDA Data, and 2019 & 2020 HMDA LARs.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

*Aggregate percentages include all loans required to be reported by lenders comprising the aggregate except for "other" and "NA" loans (as applicable), which may cause a slight difference from publicly available data. Aggregate percentages may include loan types not required to be reported by the bank.

As shown in Table 6, the bank outperformed the aggregate in lending to low- and moderate-income borrowers within the assessment area. In 2019, the bank originated 27 home mortgage loans, or 6.6 percent, to low-income borrowers, which exceeded the aggregate by 2.3 percentage points. That same year, the bank originated 97 home mortgage loans, or 23.5 percent, to moderate-income borrowers, exceeding the aggregate by 5.9 percentage points. In 2020, the bank originated 49 home mortgage loans, or 4.9 percent, to low-income borrowers, which was 1.1 percentage points above the aggregate. That same year, the bank originated 185 loans, or 18.5 percent, to moderate-income borrowers, which was 1.9 percent above the aggregate. The number of loans made to moderate-income borrowers and the overall number of loans made to low- and moderate-income borrowers increased year over year during the review period.

Additionally, the bank outperformed the demographic indicator for moderate-income families in both 2019 and 2020. Those same years, the bank lagged the demographic indicator of low-income families. However, this may not be an appropriate comparison because families with low-income levels may not qualify for a home mortgage loan. Furthermore, since the previous examination, both the housing stock available and owner occupancy rates for low-income families within the assessment area have declined, while housing costs and rental occupancy rates have risen. These market factors, coupled with community contact interviews, indicate that

many low-income residents face significant challenges to obtaining homeownership, further supporting the bank’s commendable performance.

Small Business Lending

The bank’s small business loans originated within the assessment area were analyzed to determine the distribution among businesses of various sizes. Table 7 details the bank’s lending to small businesses according to revenue size. The bank’s performance in lending to businesses with GARs of \$1 million or less is excellent.

Table 7 Distribution of Small Business Loans by Gross Annual Revenue of Business						
Gross Annual Revenues	2019 Total Businesses	2019 Bank		2020 Total Businesses	2020 Bank	
	%	#	%	%	#	%
≤ \$1MM	91.5%	13	48.1%	91.5%	24	100.0%
> \$1MM	79.0%	14	51.9%	7.9%	0	0.0%
N/A	0.5%	0	0.0%	0.5%	0	0.0%
Total	100.0%	27	100.0%	100.0%	24	100.0

D&B 2019 & 2020. Small business data for 2019 and 2020 is bank provided.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

As shown in Table 7, in 2019, the bank originated 13 small business loans, or 48.1 percent, to businesses with GARs of \$1 million or less. In 2020, the bank’s performance increased considerably, exceeding the demographic indicator by 8.5 percentage points, with 24 small business loans, or 100 percent, originated to businesses with GARs of \$1 million or less. The bank’s lending to businesses with GARs of \$1 million or less was generally consistent in 2017 and 2018, hovering around 60.0 percent both years.

The bank’s most recent performance can be attributed, in part, to the Marshfield LPO becoming a more established presence in the community, as well as the addition of two commercial loan officers who demonstrated strong performance lending to small businesses, particularly in Plymouth County. Additionally, members of the commercial lending team are active participants in various loan outreach programs including South Eastern Economic Development (SEED) Corporation, Providence Revolving Fund, and Habitat for Humanity. Furthermore, when it appeared that Paycheck Protection Program (PPP) loans were not helping the smaller businesses in the bank’s assessment area, the bank created the Helping Hands loan program as an adjunct to the PPP program for very small businesses. Although the pool of money from the Helping Hands loan program was mostly untapped as subsequent rounds of PPP loans became available, the bank’s targeted and proactive efforts to provide support for small businesses during a trying economic time is commendable.

Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of loans to census tracts of all income levels. The geographic distribution of loans is reasonable given the assessment area.

Home Mortgage Lending

Table 8 provides a comparison of the bank’s lending by census tract income level to the aggregate lending data and demographics of the assessment area. The table further outlines the bank’s performance by loan type in comparison to the aggregate group. The bank’s dispersion of home mortgage loans is reasonable.

Table 8 Geographic Distribution of HMDA Loans														
Product Type	Tract Income Levels	Owner Occupied Units %	Bank & Aggregate Lending Comparison						Bank & Aggregate Lending Comparison					
			2019						2020					
			Count		Dollar				Count		Dollar			
			Bank #	Agg %	Bank \$ (000s)	Agg %	Bank \$ %	Agg %	Bank #	Agg %	Bank \$ (000s)	Agg %	Bank \$ %	Agg %
HOME PURCHASE	Low	1.1%	0	0.0%	1.9%	\$0	0.0%	1.8%	2	0.8%	1.8%	\$560	0.7%	1.5%
	Moderate	8.3%	12	6.0%	10.6%	\$3,341	5.4%	8.8%	8	3.2%	10.2%	\$1,887	2.3%	7.5%
	Middle	36.8%	108	54.0%	37.4%	\$26,945	43.9%	33.3%	131	53.0%	36.6%	\$36,714	44.2%	35.9%
	Upper	53.7%	80	40.0%	50.1%	\$31,150	50.7%	56.0%	106	42.9%	51.4%	\$43,952	52.9%	55.1%
	Unknown	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>100.0%</i>	<i>200</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$61,436</i>	<i>100.0%</i>	<i>100.0%</i>	<i>247</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$83,113</i>	<i>100.0%</i>	<i>100.0%</i>
REFINANCE	Low	1.1%	1	0.5%	1.2%	\$250	0.4%	1.0%	2	0.3%	0.9%	\$420	0.2%	0.7%
	Moderate	8.3%	8	3.9%	6.9%	\$2,141	3.4%	5.5%	21	2.8%	5.8%	\$5,233	2.2%	4.5%
	Middle	36.8%	85	41.5%	34.7%	\$21,002	33.7%	31.1%	294	39.4%	32.8%	\$83,615	34.7%	28.5%
	Upper	53.7%	111	54.1%	57.1%	\$38,929	62.5%	62.2%	428	57.3%	60.4%	\$151,214	62.7%	66.3%
	Unknown	0.0%	0	0.0%	0.1%	\$0	0.0%	0.1%	2	0.3%	0.0%	\$501	0.2%	0.0%
	<i>Total</i>	<i>100.0%</i>	<i>205</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$62,322</i>	<i>100.0%</i>	<i>100.0%</i>	<i>747</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$240,983</i>	<i>100.0%</i>	<i>100.0%</i>
HOME IMPROVEMENT	Low	1.1%	0	0.0%	0.5%	\$0	0.0%	0.5%	0	0.0%	0.5%	\$0	0.0%	0.3%
	Moderate	8.3%	0	0.0%	6.1%	\$0	0.0%	5.7%	0	0.0%	3.8%	\$0	0.0%	3.9%
	Middle	36.8%	5	83.3%	33.0%	\$824	96.9%	28.9%	4	66.7%	34.9%	\$465	76.9%	31.5%
	Upper	53.7%	1	16.7%	60.4%	\$26	3.1%	64.8%	2	33.3%	60.8%	\$140	23.1%	64.3%
	Unknown	0.0%	0	0.0%	0.0%	\$0	0.0%	0.1%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>100.0%</i>	<i>6</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$850</i>	<i>100.0%</i>	<i>100.0%</i>	<i>6</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$605</i>	<i>100.0%</i>	<i>100.0%</i>
MULTIFAMILY*	Low	8.2%	0	0.0%	11.5%	\$0	0.0%	2.9%	0	0.0%	15.3%	\$0	0.0%	7.0%
	Moderate	23.6%	0	0.0%	18.4%	\$0	0.0%	5.0%	1	100.0%	26.6%	\$370	100.0%	30.3%
	Middle	29.0%	1	100.0%	41.4%	\$375	100.0%	31.9%	0	0.0%	29.8%	\$0	0.0%	23.4%
	Upper	39.1%	0	0.0%	26.4%	\$0	0.0%	55.9%	0	0.0%	28.2%	\$0	0.0%	39.2%
	Unknown	0.1%	0	0.0%	2.3%	\$0	0.0%	4.3%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>100.0%</i>	<i>1</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$375</i>	<i>100.0%</i>	<i>100.0%</i>	<i>1</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$370</i>	<i>100.0%</i>	<i>100.0%</i>
HMDA TOTALS**	Low	1.1%	1	0.2%	1.4%	\$250	0.2%	1.4%	4	0.4%	1.1%	\$980	0.3%	1.1%
	Moderate	8.3%	20	4.9%	8.4%	\$5,482	4.4%	7.0%	30	3.0%	7.0%	\$7,490	2.3%	5.9%
	Middle	36.8%	199	48.3%	35.8%	\$49,146	39.3%	32.1%	429	42.9%	33.9%	\$120,794	37.2%	30.8%
	Upper	53.7%	192	46.6%	54.3%	\$70,105	56.1%	59.3%	536	53.5%	57.9%	\$195,306	60.1%	62.2%
	Unknown	0.0%	0	0.0%	0.1%	\$0	0.0%	0.2%	2	0.2%	0.0%	\$501	0.2%	0.0%
	<i>Total</i>	<i>100.0%</i>	<i>412</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$124,983</i>	<i>100.0%</i>	<i>100.0%</i>	<i>1,001</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$325,071</i>	<i>100.0%</i>	<i>100.0%</i>

*Distribution of multifamily units by census tract income.

2015 ACS, 2019 & 2020 Aggregate HMDA Data, and 2019 & 2020 HMDA LARs.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

**Aggregate percentages include all loans required to be reported by lenders comprising the aggregate except for “other” and “NA” loans (as applicable), which may cause a slight difference from publicly available data. Aggregate percentages may include loan types not required to be reported by the bank.

Bluestone originated a total of five loans in low-income census tracts over 2019 and 2020. In 2019, the bank originated one loan, or 0.2 percent, in low-income census tracts, lagging the aggregate by 1.2 percent. In 2020, the bank made four home mortgage loans, or 0.4 percent, lagging the aggregate by just 0.7 percent. Although the bank was below the aggregate and

demographic indicator for both years, it is noted that the bank's home mortgage lending in low-income census tracts improved from 2019 to 2020 in both count and percentage volume, while the aggregate performance declined.

The bank originated a total of 50 home mortgage loans in moderate-income census tracts over 2019 and 2020. In 2019, the bank made 20 home mortgage loans, or 4.9 percent, in moderate-income census tracts, lagging the aggregate by 3.5 percent. In 2020, the gap expanded slightly, with the bank making 30 home mortgage loans, or 3.0 percent, and lagging the aggregate by 4.0 percent.

A factor that potentially limited the bank's opportunity for home mortgage lending in the assessment area's low- and moderate-income census tracts is that 65.6 percent and 45.5 percent of all units in those tracts, respectively, are rental units; these percentages reflect an increase from the previous examination. In addition, the percentage of housing units within the assessment area that are located in low- and moderate-income census tracts are 21.8 percent and 45.1 percent, respectively; these percentages reflect a decrease since the last examination. The percentages of owner-occupied units in low- and moderate-income census tracts are 1.1 percent and 8.3 percent, respectively; these percentages have also decreased since the prior examination and reflect limited opportunity for home mortgage lending in these tracts.

The examination did not identify any conspicuous gaps in the geographic distribution of home mortgage loans in the assessment area. As previously noted, a significant concentration of the assessment area's low- and moderate-income census tracts are located in Brockton. The bank adequately penetrated Brockton during the review period. According to market share analysis reports, the bank ranked 40th and 26th in 2017 and 2018 respectively, in terms of the number of home mortgage loans made in Brockton; the bank ranked 35th and 22nd in 2019 and 2020, respectively. Bluestone's market share is noteworthy, considering the bank does not maintain a branch presence in Brockton, which is heavily banked. Other lenders competing for loans in Brockton include larger national banks and mortgage companies, notably Quicken Loans; Residential Mortgage Services; and Wells Fargo Bank, N.A.; which were consistently ranked the top three home mortgage lenders in the city, during the review period.

Bluestone engages in targeted activities, including outreach events, in an effort to penetrate low- and moderate-income geographies. As a member of the Brockton Housing Partnership, the bank participates in homebuyer counseling and financial literacy events, such as the Brockton High School Credit-for-Life fair and first-time homebuyer seminars. The bank has attempted to hire staff to improve lending in low- and moderate-income census tracts. The bank also surveyed its employees and compiled a list of bilingual speakers to better assist non-English speaking consumers, including those who reside in Brockton.

Small Business Lending

Table 9 represents the distribution of small business loans by census tract income level. The bank's geographic distribution of small business loans is reasonable.

Table 9 Geographic Distribution of Small Business Loans by Census Tract					
Census Tract Income Level	Total Businesses by Tracts	2019 Bank		2020 Bank	
		#	%	#	%
Low	3.1	1	3.7	1	4.2
Moderate	8.9	1	3.7	5	20.8
Middle	35.7	14	51.9	7	29.2
Upper	52.1	9	33.3	10	41.7
N/A	0.2	2	7.4	1	4.2
Total	100.0	27	100.0	24	100.0

2020 D&B Information. CRA data for 2019 and 2020.

Total percentages shown may vary by 0.1 percent due to automated rounding differences.

Overall, the bank’s small business lending among low- and moderate-income tracts was generally in line with the demographic indicator. Of note, performance improved year over year in number and percentage in moderate-income tracts.

In 2019, the bank made one small business loan, or 3.7 percent, in a low-income tract, slightly outperforming the demographic indicator by 0.6 percent. That same year, the bank made one small business loan, or 3.7 percent, in a moderate-income tract, trailing the demographic indicator by 5.2 percent. In 2020, the bank made one small business loan, or 4.2 percent, in a low-income tract, exceeding the demographic indicator by 1.1 percent. Five loans, or 20.8 percent, were made in moderate-income tracts, outperforming the demographic indicator by 11.9 percent.

As noted in the table above, 3.1 percent of businesses in the assessment area are located in low-income census tracts, while 8.9 percent are in moderate-income tracts, indicating limited small business lending opportunity, particularly in low-income census tracts. Accordingly, the demographics of the assessment area, including in Brockton, where the bank’s low- and moderate-income census tracts are most concentrated, impacted the bank’s opportunity to lend in those tracts. Considering these demographic factors, along with the low loan volume, the examination did not identify any conspicuous gaps in the geographic distribution of small business loans in the assessment area.

Response to Complaints

There have been no complaints regarding the bank’s CRA performance since the last CRA examination.

CONCLUSIONS: LENDING TEST

Bluestone’s performance in meeting the credit needs in the assessment area is demonstrated by a reasonable LTD ratio; majority of loans inside the assessment area; excellent performance in

lending to borrowers of different incomes, including small businesses; and reasonable performance in dispersion of home mortgage and small business loans throughout the assessment area. Overall, the Lending Test is rated Satisfactory.

COMMUNITY DEVELOPMENT TEST

Bluestone's performance under the Community Development Test is rated Satisfactory.

The bank's community development performance demonstrates an adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the needs and availability of such opportunities for community development in the assessment area.

Community Development Loans

Bluestone originated seven community development loans, totaling \$2.1 million, during the review period. Community development lending increased from the prior examination, when the bank extended two community development loans, totaling \$2.0 million. The majority of the bank's community development loans promoted affordable housing within the assessment area, providing 36 affordable housing units. The percentage of units designated as affordable housing units was calculated and utilized in qualifying the community development loan amounts. The bank's community development loans were considered responsive to the needs of the assessment area. The following are notable examples of the bank's qualified community development loan activity during the review period:

- In 2018, the bank provided a \$294,000 loan to a non-profit organization for the purchase of a housing facility that provides temporary housing for new and expecting mothers who are homeless. The facility provides essentials for and assists with obtaining educational services or a career path for its residents.
- In 2018, the bank provided a \$549,230 loan for the construction of a Chapter 40R housing project, which promotes smart growth by creating dense home mortgage housing, including affordable housing, in highly suitable locations. As a result, this project created seven affordable housing units in the assessment area.
- In 2019, the bank extended a \$736,160 loan for the construction of an additional Chapter 40R housing project, also providing affordable housing units in a smart growth zone. The construction project resulted in the creation of 17 affordable housing units located within the assessment area.
- In 2021, the bank originated a \$250,000 loan to construct a Chapter 40B housing development that has long term affordability restrictions and includes two affordable housing units.

In response to the COVID-19 pandemic, Bluestone originated 369 PPP loans, totaling \$39.8 million. These loans were administered by the SBA as part of the Coronavirus Aid, Relief, and

Economic Security Act. PPP loans are designed to help businesses retain workers and staff during the economic crisis due to the pandemic. The SBA will forgive loans if the borrower meets the employee retention and eligible expenses criteria. PPP loans were originated within the assessment area, as well as a larger statewide area. Of the 369 PPP loans the bank originated, 310 were located within the assessment area, totaling \$30.6 million. The PPP loans were particularly responsive as they provided funding to businesses to retain jobs in low- and moderate-income areas and helped to revitalize and stabilize low- and moderate-income geographies during the pandemic. The bank originated several PPP loans to businesses in the assessment area that are located in low- and moderate-income census tracts in Brockton, Carver, Middleboro, and Taunton.

Qualified Investments

Bluestone’s qualified community development investments consist of equity investments and donations to organizations that provide affordable housing, promote economic development, and offer community services that benefit low- and moderate-income individuals.

During the review period, the bank invested in three Small Business Investment Company (SBIC) funds, totaling \$2.5 million. Two of the equity investments are new since the last examination, while one SBIC investment was maintained since the last examination. The bank’s equity investments are below the \$5.0 million extended at the last examination. Nevertheless, these investments fulfill the capital needs of small businesses.

In addition to equity investments, donations were extended by the bank and the Foundation, to address key community development needs of low- and moderate-income individuals in the assessment area. During the review period, the bank made 105 qualified donations, totaling \$112,727, and the Foundation extended \$116,290 in qualified donations. Together, the bank and Foundation extended 189 qualified donations, totaling \$229,017, which represents an increase from \$169,930 at the last examination.

Table 10 details the total qualified contributions by primary community development purposes. As indicated in the table, donations are concentrated in community services, and are particularly impactful to low- and moderate-income individuals within the bank’s assessment area.

Table 10 Qualified Donations by Purpose												
Community Development Purpose	2017		2018		2019		2020		2021 YTD		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
Affordable Housing	1	560	8	24,700	4	7,700	4	10,100	4	7,300	21	50,360
Community Services	9	9,100	25	25,275	29	31,058	55	58,479	46	42,245	164	166,157
Economic Development	0	0	1	5,000	1	2,500	2	5,000	0	0	4	12,500
Total	10	9,660	34	54,975	34	41,258	61	73,579	50	49,545	189	229,017

Data is bank provided

The following are examples of the organizations that benefited from the bank and Foundation contributions during the review period:

Father Bill's & MainSpring – This organization, located in Brockton, MA, offers programs that provide emergency and permanent housing to prevent and end homelessness in southern Massachusetts. Father Bill's & MainSpring helps people who are homeless, or are at risk of being homeless, achieve self-sufficiency by obtaining skills, jobs, housing, and supportive services.

Citizens for Citizens, Inc. – This organization advocates for low-income individuals and provides services to combat poverty such as fuel assistance, and access to child-care and food pantries. The goal is to promote self-sufficiency and social advancement.

YMCA – The bank supported several YMCAs located in its assessment area, providing opportunities for low-and moderate-income individuals. The YMCA empowers youth and improves the health and well-being of members of the community.

Support the Soupman – This organization benefits the assessment area and greater New England by offering food, clothing, and essentials to homeless individuals. Their mission is to offer the homeless dignity and hope through the services that they provide.

In addition to the contributions highlighted above, the bank and its Foundation made several donations to local food pantries in response to the COVID-19 pandemic. The bank recognized the additional need for food assistance during the economic downturn and was responsive to support low- and moderate-income individuals in its community.

Community Development Services

Bank employees engaged in community development services through participation on boards of community organizations, conducting first time homebuyer seminars, and other community development services. The following list provides a sample of the bank's involvement during the review period:

- Brockton Housing Partnership – This organization promotes affordable housing for low- and moderate-income individuals and families and meets the needs of the community. A senior bank employee serves on the organization's board of directors and is actively involved with the organization.
- Old Colony Habitat for Humanity and South Shore Habitat for Humanity – These organizations provide homeownership opportunities to low-income families who are unable to obtain conventional home financing. During the review period, the bank provided charitable donations, volunteer hours, and financing for a home located in the assessment area. Additionally, two senior bank employees serve on Habitat for Humanity boards.
- Old Colony YMCA – This organization contributes to the education, wellbeing, and health of low- and moderate-income individuals in the assessment area. Several bank employees are active in this organization and two senior bank employees serve on the board.

Bank employees also participated in financial literacy events to support community development services, affordable housing, and economic development. The following lists a few examples of the bank's involvement during the review period:

- SEED Corporation – SEED's mission is to promote economic development in its local region and improve the quality of life for residents of Massachusetts and Rhode Island. Bluestone partners with SEED as part of entrepreneurial workshops to local business owners. A senior bank employee serves on the board of this organization.
- Credit for Life – Several bank employees regularly participate in Credit for Life financial literacy fairs held at local high schools in the assessment area. Bluestone staff assist students in preparation for real life financial decisions within a set income and savings budget.
- NeighborWorks Housing Solutions – Bank employees participate in first time homebuyer seminars and certificate classes, offering expertise on mortgage programs, down-payment assistance, grants, and other pertinent information to help achieve homeownership.
- Pro-Home, Inc. – This organization offers several programs and services that advocate for the production of affordable housing and prevent housing displacement. The bank regularly participates in first time homebuyers courses and offers financial and mortgage expertise. A senior bank employee is a board member.

CONCLUSIONS: COMMUNITY DEVELOPMENT TEST

The bank's community development performance demonstrates an adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services that help support low- and moderate-income individuals and small businesses. The bank was responsive to the needs of the assessment area in response to the COVID-19 pandemic and resulting economic hardship. Overall, the Community Development Test is rated Satisfactory.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Concurrent with this CRA examination, a review of the bank's compliance with consumer protection laws and regulations was conducted, and no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX

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.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and nonmetropolitan counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending on population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency (OCC), and the FDIC have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, the FDIC, and the OCC, based on:
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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.

Demographics: The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan 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 nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

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

Geography: A 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 who 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

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

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

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. An MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an MSA that has a population of at least 2.5 million may be divided into MDs.

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

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

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

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

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

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

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

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

Rated area: A rated area is a state or 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.

Small businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were \$1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in "loans to small businesses" as defined in the Consolidated Reports of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are secured by either nonfarm or nonhome mortgage real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm home mortgage real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate 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.

For additional information, please see the Definitions section of Regulation BB at 12 C.F.R. 228.12