

TABLE 6.—*Percentage maturity distribution of State and local obligations held by insured nonmember commercial banks, 1961-64, and all insured commercial banks, 1947 and 1956*

Maturity	1964 ¹	1963 ¹	1962 ¹	1961 ¹	1956	1947
Total.....	100.0	100.0	100.0	100.0	100.0	100.0
Within 1 year.....	13.1	14.0	14.3	14.8	15.2	16.8
1 to 5 years.....	33.8	35.5	37.9	39.6	34.9	29.4
5 to 10 years.....	31.3	30.9	31.8	31.8	30.0	28.3
10 to 20 years.....	18.5	16.8	13.4	11.5	19.9	27.5
Over 20 years.....	3.3	2.8	2.6	2.3		

¹ Based on tabulations from bank examination reports of banks examined by the Federal Deposit Insurance Corporation.

Table 7 presents the maturity distribution of investment grade State and local obligations held in 1964 by some 6,000 State chartered banks not members of the Federal Reserve System, classified by size of bank groupings.

TABLE 7.—*Maturity distribution of investment grade, State and local obligations held by insured nonmember commercial banks examined in 1964, analyzed by selected size of bank groupings*

Size of banks (total assets)	Number of banks	State and local obligation holdings ¹ (millions)	Maturity distribution as percent of total					
			Total	Under 1 year	1 to 5 years	5 to 10 years	10 to 20 years	Over 20 years
Total.....	6,268	\$3,981	100.0	13.1	33.8	31.3	18.5	3.3
Less than \$1,000,000.....	422	11	100.0	16.6	42.5	30.7	9.7	.5
\$1,000,000 to \$2,000,000.....	1,403	88	100.0	16.6	40.6	30.2	12.1	.5
\$2,000,000 to \$5,000,000.....	2,342	553	100.0	14.2	38.9	32.7	13.4	.8
\$5,000,000 to \$10,000,000.....	1,204	843	100.0	12.1	37.2	34.6	15.2	.9
Over \$10,000,000.....	897	2,486	100.0	13.1	31.2	29.9	21.0	4.8

¹ Totals shown in this column exclude speculative and defaulted holdings and therefore differ from total holdings shown in other tables.

Source: Based on tabulations from Federal Deposit Insurance Corporation examination reports.

2. THE QUALITY OF COMMERCIAL BANK INVESTMENTS IN STATE AND LOCAL OBLIGATIONS

Commercial banks, particularly smaller ones involved in the financing of local developmental projects, invest rather heavily in unrated issues, which are not well-known outside local environs and which might be of either high or of low quality. Some banks invest rather substantially in grade 4, or marginal, issues. Nevertheless, on the basis of available evidence, which is generally acknowledged to be less complete than might be desirable, the commercial banking industry does usually insist upon very high standards of quality in its investment portfolio.

Quality classifications of holdings of State and local obligations by State chartered banks not members of the Federal Reserve System that were examined by the Federal Deposit Insurance Corporation from 1960 to 1964 are shown in table 8. These data indicate that over 55 percent of the holdings are of very high quality. Speculative holdings and issues in default are relatively insignificant, and the percentage of these found in bank portfolios has declined since 1960.