

consists of issues that enjoy high quality ratings. Savings banks also hold unrated obligations, which are issued by communities with debt smaller than the minimum amount established for rating purposes by the various investment advisory services. With respect to the location of the borrower, savings banks have acquired bonds issued both by their own, as well as by other, States and communities.

These conclusions are based on data relating to over 300 mutual savings banks insured by the Federal Deposit Insurance Corporation, which account for close to nine-tenths of the total resources of all FDIC-insured savings banks and three-fourths of the aggregate resources of the entire savings bank industry. These data, which were compiled by FDIC, do not include the bulk of the savings banks in Massachusetts, whose combined portfolios of municipal obligations represent about 6 percent of the total holdings of the entire savings bank industry.⁴

Maturity structure.—The long-term nature of savings bank holdings of State and local government securities is clearly evident in table 4. Obligations maturing in more than 20 years represented about one-half of the "investment" municipals held by FDIC-insured savings banks in 1964 (see note to table 4). Bonds with maturities ranging from 10 to 20 years accounted for another three-tenths of total holdings. Long maturities were especially prominent, moreover, for banks holding relatively large dollar amounts of municipal securities.

TABLE 4.—Percentage composition of municipal bond holdings of FDIC-insured mutual savings banks, by maturity, and size of holdings, 1964

[Percent]

Maturity (years)	Total	Size of municipal bond holdings (thousand dollars)				
		Under 100	100 to 200	200 to 500	500 to 1,000	1,000 and over
Under 1.....	0.9	11.5	3.6	4.3	2.1	.5
1 to 5.....	5.8	21.5	22.2	17.3	11.2	4.5
5 to 10.....	11.8	20.8	31.3	16.2	15.5	11.0
10 to 20.....	30.1	41.0	30.4	26.0	35.5	29.8
20 and over.....	51.4	5.2	12.5	36.2	35.7	54.2
Total.....	100.0	100.0	100.0	100.0	100.0	100.0
Number of banks.....	302	148	22	41	26	65

NOTE.—Data are based on the par value of holdings of "investment" municipal bonds, essentially bonds rated Aaa through Baa (Moody's) and high-quality unrated obligations. Figures are as of various dates in 1964.

Source: Federal Deposit Insurance Corporation.

Quality ratings.—About one-half of the municipal bonds held by FDIC-insured savings banks in 1964 were rated in the top three quality grades (Aaa, Aa and A according to Moody's classification). Bonds in other quality grades, together with unrated issues, represented the remainder. While savings banks generally favor quality investments, they have participated in individual cases in local issues that may not have a broad market. In view of the small size of their overall municipi-

⁴ As noted earlier, all savings banks in Massachusetts are insured by Massachusetts Savings Central Fund, Inc. Eight savings banks in the State, representing about one-fifth of the resources of all Massachusetts savings banks, are insured by FDIC as well, and are included in the FDIC data cited above.