

year with clean sales.

**DIVIDENDS**  
Continuing the policy which the local banks adopted a year ago regarding the inadvisability of declaring dividends in the midst of the depressed business condition the domestic banks, with

the exception of one, decided once more not to declare dividends for the year 1932.

**EXCHANGE TRANSACTIONS**  
The following table shows the extent of exchanges bought and sold during the year arranged by months:

Month	Bought by banks		Total exchange bought
	Spot	Future	
January	P 12,543,906	P 7,179,484	P 19,723,390
February	10,744,913	9,446,228	20,191,141
March	10,108,735	3,788,705	13,897,440
April	15,726,553	8,950,372	21,685,925
May	7,833,889	7,887,590	15,721,479
June	8,354,600	8,721,862	17,076,462
July	9,200,078	9,393,045	18,593,123
August	7,424,803	6,538,586	13,963,389
September	11,189,313	8,837,268	20,126,581
October	11,701,623	17,590,621	29,292,244
November	8,577,303	7,541,014	16,118,317
December	9,802,540	14,062,398	23,864,938
Total	P123,205,256	P110,026,143	P233,231,399

Month	Sold by banks		Sold by the Insular Treasurer	Total exchange sold
	Spot	Future		
January	P 18,224,908	P 8,969,579	P 8,626,900	P 35,821,387
February	14,522,656	4,635,807	4,377,205	23,535,668
March	13,299,611	6,456,241	4,865,851	24,621,703
April	17,362,095	6,171,266	7,091,507	30,625,468
May	12,478,654	4,712,609	3,962,003	21,153,266
June	11,678,352	5,242,069	5,740,000	22,660,421
July	14,489,745	6,727,696	3,352,175	24,769,616
August	10,704,724	6,252,062	2,832,350	19,789,136
September	10,331,272	23,147,651	2,255,957	35,734,880
October	13,738,446	6,018,111	4,680,000	24,436,557
November	11,412,183	6,711,301	2,085,513	20,208,997
December	14,263,275	9,429,399	1,360,000	25,052,674
Total	P162,506,521	P 94,473,851	P 51,429,401	P308,409,333

#### MUTUAL BUILDING AND LOAN ASSOCIATIONS

The big majority of mutual building and loan associations experienced difficulties of one kind or another during the year. These difficulties are undoubtedly the concomitant effects of the financial crisis which is still going on unabated. Some had cases of mild run, while others suffered from topheavy personnel and expenses due to unbusinesslike methods which may be justified only in prosperous time, but not in lean years like the present. Forseeing that only by the adoption of a conservative loan policy and by the paring down of expenses to a minimum could they survive, these associations were able to continue doing business with safety to the shareholders, the undersigned found it necessary to promulgate rulings from time to time to the various associations that come under its supervision. Excerpts of some of these rulings are given hereunder.

In considering applications for real state loans preference should be given to small loans. This policy will enable the association to serve the greatest number of shareholders with the minimum risk of loss in accordance with the law of averages. The properties to be mortgaged should be conservatively appraised allowing a greater margin of safety than heretofore of, say,

at least 50 per cent between the appraised value of the properties and the amount of loans granted.

A general plan of economy should be adopted by allowing substantial reductions in office and other general expenses consistent with the efficient operation of the association. The salaries of officers and employees, fees of the board of directors and fees paid to other persons working for the associations should also be proportionately reduced as an emergency measure.

All charges, present and future, in excess of the value of shares, such as premiums, dues, fines and interest unpaid, should not be carried as Accounts Receivable, taken into profits and distributed as dividends, but carried in suspense account of "uncollected dues, interest, premiums, etc."

The granting of additional loans to borrowers who are in arrears in the payment of interest on the original loans is not a sound loan policy and should therefore be discontinued. Stock loans should not be allowed to run indefinitely with interest unpaid, unless the value of the shares at any time affords sufficient margin for interest for at least six months. When the margin of security is reduced the stock should be liquidated and its value applied to the loan.

Comparative Statement of Consolidated Assets and Liabilities of Mutual Building and Loan Associations as of December 31 of the Year Indicated.

Name of accounts	ASSETS		
	1932	1931	1930
Loans	P20,822,342.89	P22,183,570.61	P21,830,814.67
Cash on hand and in banks	762,343.36	95,791.24	231,431.15
Real estate owned	1,904,659.30	1,413,573.56	1,028,574.23
Other assets	1,947,495.19	1,657,774.15	1,523,091.89
Total	P25,436,840.74	P25,351,709.56	P24,619,911.94
Name of accounts	LIABILITIES		
	1932	1931	1930
Capital paid-in	P22,533,877.70	P22,192,186.69	P20,570,886.49
Reserve	478,554.50	627,219.83	649,597.98
Borrowed money	961,112.24	954,996.36	2,150,098.99
Other liabilities	1,463,296.30	1,577,306.68	1,249,328.48
Total	P25,436,840.74	P25,351,709.56	P24,619,911.94

## Arellano's Water Colors

Manuel Arellano recently returned to Manila from Europe and is supplementing his photographic work, some of the very best in the city, with studies in water colors that are a distinct addition to contemporary art. The pieces he exhibited to the JOURNAL editor were bits of the old walls of Manila, unexceptionable in choice and skillfully done. This artist can be wished nothing but success His wife, Tinay Arellano, dramatic soprano, is enjoying popularity in her opera appearances in Europe; but while her art is better known in Manila than her husband's, his is of a lasting sort bound to benefit the city permanently. The JOURNAL has always felt that as a rule there is little truthful commendation to be granted contemporary painting in the Philippines, which either oversteps the limits of simplicity and aspires to what it can not reach, or is garishly exotic and blind to the beauty in the midst of which it lives. Exception is made of the Arellano water colors, which readers are recommended to see for themselves.



—Judge.

**Distressed Manager:** I'm sorry, but we don't allow unescorted ladies.

**Calm Lady:** Who the hell says I'm a lady!

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