



Quaker City Bank

Corporate Office

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Whittier, CA 90602-1300
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FAX (562) 907-2287
FAX (562) 907-2280
www.quakercitybank.com

Loan Service

(562) 907-2270 (866) 907-2270

Retail Administration

(562) 464-4222

Home Loan Center

(562) 907-2920

Branches:

Uptown Whittier Office
(562) 945-3724

East Whittier Office
(562) 693-7811

La Habra Office
(562) 694-3931

Fashion Square Office
(562) 690-7525

Brea Office
(714) 990-3621

Fullerton Office
(714) 870-7810

La Mirada Office
(562) 944-0326

Hacienda Heights Office
(626) 968-1487

Alta Vista Office
(714) 792-2940

Anaheim Hills Office
(714) 279-8900

Rowland Heights Office
(626) 965-2582

**Located in
WAL-MART® Stores:**

Porter Ranch Office
(818) 832-3928

Lakewood Office
(562) 429-7275

Corona/North Office
(909) 372-2990

Foothill Ranch Office
(949) 855-5660

Murrieta Office
(909) 696-9432

Corona/South Office
(909) 270-5040

Huntington Beach Office
(714) 375-4016

Lancaster Office
(661) 948-8261

Palmdale Office
(661) 533-6697

Chino Office
(909) 548-4662

Pico Rivera Office
(562) 949-7674

Santa Fe Springs Office
(562) 941-9123

Long Beach Office
(562) 436-3464

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October 20, 2003

Mr. James E. Gilleran
Director
Office of Thrift Supervision
1700 G Street N.W.
Washington, DC 20552

Dear Mr. Gilleran:

This letter is written in response to your request for comment on proposals to implement the Basel II Capital Accord. We do believe that implementing Basel II would generally disadvantage, not only our organization, but all smaller institutions throughout the country. Implementation of Basel II would lower capital requirements for larger institutions for certain classes of assets, particularly real estate loans. Lower capital requirements would allow larger institutions pricing advantages and would likely promote further industry consolidation.

Our current risk based capital system appears to be effective although it has not been tested in a time of economic crisis. It would seem that changing and liberalizing the current system, which would be the net result of implementing Basel II, would increase the risk to the FDIC insurance fund, as well as the overall US economy. We should have a single risk based system for all institutions.

Thank you for allowing us to comment on the proposals to implement the Accord.

Sincerely yours,

Rick McGill
President
Chief Executive Officer

JP

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