WASHINGTON — Comptroller of the Currency John C. Dugan issued the following statement today following the release of the federal financial regulatory agencies policy statement on the Allowance for Loan and Lease Losses (ALLL):

The revised interagency policy statement on the allowance for loan and lease losses is a major step forward. At this stage of the credit cycle, it is critical that reserves be maintained in a prudent and well-documented manner, and the policy statement will help us meet those objectives. The policy supports our fundamental concern that reserves be adequately documented, regardless of the particular technique the bank chooses to employ, and it acknowledges the inevitable imprecision and judgmental nature of determining an appropriate level for the loan loss allowance.

I am especially pleased with the constructive way in which the federal agencies and the Public Company Accounting Oversight Board (PCAOB) have worked together on this important issue. I believe the public interest has been well served by our ongoing dialogue, and I am committed to continuing to work with the PCAOB, auditors and other regulators to ensure that the goals of this policy statement are met.