

DBRS and Morningstar Credit Ratings Announce Analytical Integration Process and Ratings Overlap

NEW YORK, July 11, 2019—On July 2, 2019, Morningstar, Inc. successfully completed the acquisition of DBRS resulting in a global credit rating agency of approximately 700 employees located in eight offices (see related [press release](#)). As of the same date, the integration of Morningstar Credit Ratings (MCR) and DBRS has begun with the integration of the analytical teams focused in the U.S. Structured Finance market, notably the Commercial Mortgage-Backed Securities (CMBS), Residential Mortgage-Backed Securities (RMBS), Asset-Backed Securities (ABS) and Structured Credit (SC) groups. Integration is progressing well with regard to evaluating our respective rating methodologies, models and credit opinions. This press release is the first in a series intended to keep the market updated on analytical integration decisions.

In the short to near term, MCR and DBRS will maintain their regulatory registrations in each of the jurisdictions in which they operate — the U.S. for MCR; and Canada, the U.S. and Europe (U.K., Germany and Spain) for DBRS. Ultimately, MCR and DBRS will combine into a single U.S. registration and will maintain the registrations outside of the U.S. Except as described in subsequent press releases, until integration is finalized, MCR and DBRS will each issue and monitor credit ratings in accordance with their respective methodologies, policies, procedures and published rating scales.*

U.S. CMBS

In the U.S. CMBS sector, MCR maintains public credit ratings on 2,097 classes of debt across 249 transactions and DBRS maintains public credit ratings on 2,395 classes of debt across 253 transactions. An initial evaluation of these public ratings reveals that MCR and DBRS both publicly rated 17 of these transactions on 217 classes of debt in the following asset classes: Multi-Borrower Conduit transactions and Single-Asset/Single-Borrower transactions.

U.S. RMBS

In the U.S. RMBS sector, MCR maintains public credit ratings on 1,225 classes of debt across 120 transactions and DBRS maintains public credit ratings on 9,427 classes of debt across 806 transactions. An initial evaluation of these public ratings reveals that MCR and DBRS both publicly rated 14 of these

transactions on 219 classes of debt in the following asset classes: Seasoned Loans (including Seasoned Performing/Re-Performing/Non-Performing Loans) and Prime Jumbo.

U.S. ABS

In the U.S. ABS sector, MCR maintains public credit ratings on 47 classes of debt across 20 transactions and DBRS maintains public credit ratings on 1,407 classes of debt across 440 transactions. An initial evaluation of these public ratings reveals MCR and DBRS both publicly rated four of these transactions on 10 classes of debt in the following asset classes: Private Student Loans and Residential Property Assessed Clean Energy.

U.S. Structured Credit

In the U.S. SC sector, MCR maintains public credit ratings on 59 classes of debt across 51 transactions and DBRS maintains public ratings on 202 classes of debt across 76 transactions. An initial evaluation of these public ratings indicates no overlap of outstanding public ratings for MCR and DBRS.

Appendix A lists the 35 outstanding U.S. Structured Finance transactions and related classes of debt with overlapping public credit ratings by MCR and DBRS. We are conducting an assessment of the overlapping ratings and expect to provide further updates to the market regarding any potential rating actions over the next 30 days. Across all four U.S. Structured Finance sectors, we are conducting an analysis to determine the methodologies and/or models that will be used to assign new ratings and monitor outstanding ratings. We intend to notify the market as decisions are made regarding methodologies, models and overlapping ratings for each U.S. Structured Finance sector.

Global Corporates, Financial Institutions and Sovereigns

An initial evaluation of the Corporate, Financial Institutions and Sovereign areas showed no overlapping ratings for MCR and DBRS. Publicly, DBRS has 455 Corporate issuer relationships, 160 groups of Financial Institution issuer relationships, and 45 Sovereign issuer credit ratings, while MCR has 106 Corporate and six Financial Institution issuer credit ratings. Integration is progressing well with regard to evaluating our respective rating methodologies and credit opinions. An analysis is being conducted to determine the methodologies that will be used to assign new ratings and monitor outstanding ratings. We intend to notify the market as decisions are made for the Corporates, Financial Institutions and Sovereigns sectors.

Notes:

*All data provided in this press release is as of June 21, 2019, and is preliminary and subject to change.

For more information on the transactions rated by DBRS, please visit www.dbrs.com or contact DBRS at info@dbrs.com, and for transactions rated by MCR, please visit www.morningstarcreditratings.com or contact ratingagency@morningstar.com.

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Related Documents:

(1) [Appendix A](#)

(2) July 2 PR: <https://newsroom.morningstar.com/newsroom/news-archive/press-release-details/2019/Morningstar-Names-Detlef-Scholz-President-of-Expanded-Credit-Ratings-Organization/default.aspx>