

19 APR 2021

Fitch Places Capital Nomura's National Long-Term Rating on Rating Watch Negative

Fitch Ratings - Bangkok - 19 Apr 2021: Fitch Ratings (Thailand) has placed the 'AA(tha)' National Long-Term Rating on Capital Nomura Securities Public Company Limited (CNS) on Rating Watch Negative (RWN). All other ratings are unaffected.

The placement of the RWN follows a similar rating action on the 'bbb+' Viability Rating (VR) of CNS's parent, Nomura Holdings, Inc. (NHI, A-/Stable) on 31 March 2021 (see "Fitch Places Nomura's Viability Ratings on Negative Watch; IDRs Unaffected" at www.fitchratings.com/site/pr/10157236).

Key Rating Drivers

CNS's National Ratings are underpinned by Fitch's belief the company would receive extraordinary support, if needed, from the parent, NHI. CNS is a strategically important subsidiary because it plays a key role in the group's regional strategy, in Fitch's view. The Japanese parent holds 99.1% of CNS and there is a high level of management control, with evidence of ongoing cooperation and support.

NHI's VR rather than the Long-Term Issuer Default Rating (IDR) drives CNS's National Ratings. This is because the IDR is driven by support considerations from the Japanese sovereign (A/Negative) based on NHI's systemically important status in Japan, and Fitch believes that such support may not necessarily flow through to non-core overseas subsidiaries.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

Fitch could take a positive rating action on CNS, if the parent were to have greater ability to provide support, as indicated by a positive change in the parent's VR - while also taking into the consideration CNS's ratings in relation to Fitch's Thai National Rating scale. Higher propensity by the parent to support CNS could also lead to an upgrade; for example, if CNS has a more meaningful role in the group's franchise and makes a larger contribution to NHI.

Fitch may change the anchor rating to the sovereign-support-driven IDR of NHI if we perceive that there could be a higher probability that the Japanese authorities will allow support to flow through to key overseas subsidiaries. This could result in an upgrade of CNS's National Long-Term Rating, provided NHI's propensity to support CNS remain unchanged and after accounting for relativities on the Thai national rating scale.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

CNS's National Long-Term Rating could be downgraded if NHI's VR is downgraded. There may also be downside to the rating if the parent's propensity to provide extraordinary support were to weaken; this could occur from a substantial reduction in shareholding, combined with lower levels of management control and financial or operational linkages. Fitch will also take into consideration CNS's rating strength relative to its Thai National Rating scale. However, Fitch does not expect a significant reduction in parental support propensity for CNS in the near to medium term.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

Public Ratings with Credit Linkage to other ratings

CNS's National Ratings are linked to NHI's VR.

Fitch Ratings Analysts

Patchara Sarayudh

Director

Primary Rating Analyst

+66 2 108 0152

Fitch Ratings (Thailand) Limited Park Ventures, Level 17 57 Wireless Road, Lumpini Bangkok 10330

Jindarat Sirisithichote

Associate Director

Secondary Rating Analyst

+66 2 108 0153

Jonathan Lee

Managing Director

Committee Chairperson

+886 2 8175 7601

Media Contacts

Leslie Tan

Singapore

+65 6796 7234

leslie.tan@thefitchgroup.com

Rating Actions

ENTITY/DEBT	RATING	RECOVERY	PRIOR	
Capital Nomura Securities Public Company Limited	Natl LT	AA(tha) ◆	Rating Watch On	AA(tha) ●

RATINGS KEY OUTLOOK WATCH

POSITIVE	⊕	◆
NEGATIVE	⊖	◆
EVOLVING	◊	◆
STABLE	○	

Applicable Criteria

[National Scale Rating Criteria \(pub.22 Dec 2020\)](#)

[Non-Bank Financial Institutions Rating Criteria \(pub.28 Feb 2020\) \(including rating assumption sensitivity\)](#)

Additional Disclosures

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